Alberta

Freedom To Create. Spirit To Achieve.

Sustainable Resource Development

Annual Report
2010-2011

Government of Alberta

Copies of the annual report are available on the Alberta Sustainable Resource Development website at www.srd.alberta.ca or by contacting:

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Sustainable Resource Development

Annual Report
2010-2011

Preface 2

Minister's Accountability Statement 3

Message from the Minister 4

Management's Responsibility for Reporting 6

Results Analysis 8

- **Organization Chart** 8
- **Ministry Overview** 9
- **Review Engagement Report** 12
- **Performance Measures Summary Table** 13
- **Discussion and Analysis of Results** 17
- **Expense by Function** 49

Financial Information 50

- **Auditor's Report** 50
- **Financial Statements** 51

Performance Measure Methodology 116

Preface

The Public Accounts of Alberta are prepared in accordance with the *Financial Administration Act* and the *Government Accountability Act*. The Public Accounts consist of the annual report of the Government of Alberta and the annual reports of each of the 24 ministries.

The annual report of the Government of Alberta released June 29, 2011 contains Ministers' accountability statements, the consolidated financial statements of the province and the Measuring Up report, which compares actual performance results to desired results set out in the government's business plan.

This annual report of the Ministry of Sustainable Resource Development contains the Minister's accountability statement, the audited consolidated financial statements of the ministry and a comparison of actual performance results to desired results set out in the ministry business plan. This ministry annual report also includes the following:

- **the financial statements of entities making up the ministry including the Department of Sustainable Resource Development, regulated funds, and provincial agencies for which the Minister is responsible**
- **other financial information as required by the *Financial Administration Act* and *Government Accountability Act*, either as separate reports or as a part of the financial statements, to the extent that the ministry has anything to report**

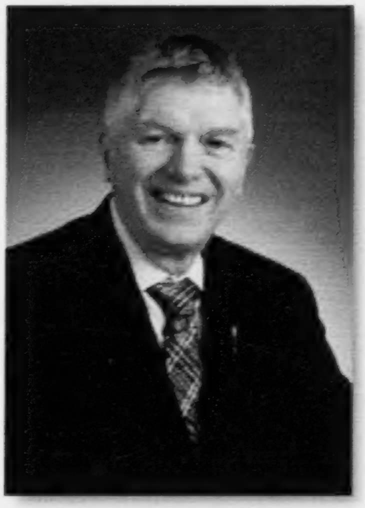
Minister's Accountability Statement

The ministry's annual report for the year ended March 31, 2011, was prepared under my direction in accordance with the *Government Accountability Act* and the government's accounting policies. All of the government's policy decisions as at June 10, 2011 with material economic or fiscal implications of which I am aware have been considered in the preparation of this report.

original signed by:

Mel R. Knight
Minister of Sustainable Resource Development

Message from the Minister



Albertans today enjoy a lifestyle that depends directly on how we manage our natural resources: from earning their livelihoods, to experiencing an abundance of recreational opportunities on our beautiful landscape, to leaving the province to future generations in better condition than the way they inherited it. The ministry's core businesses address the importance of managing Alberta's public lands, forests, fish and wildlife to provide economic and biodiversity benefits, to enrich Albertans' quality of life, and to maintain traditional First Nations' rights to hunt, fish, and trap.

In these challenging fiscal times, Sustainable Resource Development remains committed to our mission to encourage the responsible use of our public lands, forests, fish and wildlife. Our role in developing our resources is to manage them for the benefit of all Albertans, while acting as good stewards of our natural environment. The Government of Alberta continues to focus on improving our competitiveness on the global economic stage by relying on leading practices in management, science and stewardship.

A major accomplishment in meeting these balanced goals is our new Enhanced Approval Process and the associated Landscape Analysis Tool for certain upstream oil and gas dispositions. The new approval process provides a good example of how our ministry is streamlining the regulatory system to support Alberta's competitiveness. The process applies to the majority of the ministry's approvals for public land use: mineral surface leases, licences of occupation, pipeline agreements and pipeline installation lease dispositions.

The new approval process results in clarity around established standards and their resulting time and cost savings for industry, as well as reduced paperwork and a greater emphasis on a comprehensive compliance and monitoring system in the field for ministry staff.

Another important achievement in 2010-11 was the ministry's contribution to the Regulatory Enhancement Task Force, which undertook a comprehensive review of Alberta's upstream oil and gas regulatory system. The government is now considering the task force's recommendations for a streamlined, efficient, fair and transparent regulatory system. A streamlined regulatory system will increase Alberta's competitive edge, while meeting the province's commitment to environmental management, public safety and resource conservation.

A streamlined regulatory system aligns with the goals of the Land-use Framework. In 2010-11, the Land Use Secretariat continued to make progress on the first two regional plans under the framework. A draft Lower Athabasca Regional Plan on the oil sands region was prepared for public, stakeholder and aboriginal consultation in 2011. The ministry also released the South Saskatchewan Regional Advisory Council's advice to government for a land-use vision for southern Alberta.

Bill 10, the *Alberta Land Stewardship Amendment Act,* was introduced in the Legislature as part of the work to lay the foundation for the Land-use Framework. The legislation clarifies the intent of the original Act to manage the impact of growth and respect landowners' property rights.

Forestry is the third-largest industry in Alberta and more than 50 communities in Alberta depend on the forestry industry. Government has been working to improve the competitiveness of the province's forestry industry, particularly through the emerging bio-industry.

In response to feedback from the wood products sector, we started developing the Alberta Wood Products Road Map. This map identifies opportunities in wood products and bio-energy over the next decade. Ministry staff also worked with the Ministry of Energy to help deliver a bio-energy grant program to study opportunities in the forest bio-fibre field.

Our dedicated firefighters experienced a busy wildfire season in 2010, battling more than 1,800 wildfires in the Forest Protection Area — a 12 per cent increase in the number of wildfires from the previous year. On another battlefront, the province made progress in its fight against the mountain pine beetle. Aerial surveys confirmed a decline in the number of new trees attacked by the beetle, and there were no in-flights of beetles during the summer.

In keeping with the United Nations International Year of Biological Diversity in 2010, we remain committed to ensuring the biodiversity of living things and the ecosystems that sustain them are maintained. Our partnerships with other ministries, agencies and the private sector continued through the Species at Risk Program, the Alberta Biodiversity Monitoring Institute and other work. As part of our action plan to ensure a self-sustaining population of grizzly bears, the provincial government gave this species legislative protection by listing it as threatened under the *Wildlife Act*.

Fish and wildlife resources provide Albertans with many recreational opportunities, as well as a source of food and income. Significant progress was made on a Fish Sustainability Index to link geographic information with the status of fish stocks, which helps in planning land-use activities.

An increasing number of hunters in all age categories in Alberta attest to the wide range of hunting opportunities available in our province. In 2010, great success was achieved in the special licence draw applications, where 64 per cent of applications were made using the new online system. The ministry also introduced a requirement for all first-time resident hunters to successfully complete the Alberta Conservation and Hunter Education course before hunting.

The Natural Resources Conservation Board issued a major decision on an application to develop a limestone mine and facility north of Fort McMurray. The board also introduced a risk based approach to regulating confined feeding operations, allowing it to focus its resources according to risk, and concluded a leak detection program that identified which confined feeding operations were more likely to affect groundwater.

To manage the ever-increasing workloads, the Surface Rights Board and Land Compensation Board have focused on case management to meet their priorities. This approach helps board officers become more efficient in processing an increasing volume of applications for surface rights and land compensation.

In closing, I would like to thank all the Albertans who play a role in acting as good stewards of our lands, forests, fish and wildlife resources. I would also like to take this opportunity to acknowledge the work carried out by the ministry's hardworking staff, who are dedicated to the task of preserving our natural heritage for the continued prosperity and benefit of future generations.

original signed by:

Mel R. Knight
Minister of Sustainable Resource Development

Management's Responsibility for Reporting

The Ministry of Sustainable Resource Development includes the Department of Sustainable Resource Development, the Land Use Secretariat, the Natural Resources Conservation Board, the Surface Rights Board, the Land Compensation Board, the Environmental Protection and Enhancement Fund, and the Land Stewardship Fund.

The executives of the individual entities within the ministry have the primary responsibility and accountability for the respective entities. Collectively, the executives ensure the ministry complies with all relevant legislation, regulations and policies.

Ministry business plans, annual reports, performance results and the supporting management information are integral to the government's fiscal and strategic plan, annual report, quarterly reports and other financial and performance reporting.

Responsibility for the integrity and objectivity of the consolidated financial statements and performance results for the ministry rests with the Minister of Sustainable Resource Development. Under the direction of the Minister, I oversee the preparation of the ministry's annual report, including consolidated financial statements and performance results. The consolidated financial statements and the performance results, of necessity, include amounts that are based on estimates and judgments. The consolidated financial statements are prepared in accordance with Canadian public sector accounting standards. The performance measures are prepared in accordance with the following criteria:

- reliability – Information agrees with the underlying data and the sources used to prepare it
- understandability and comparability – Current results are presented clearly in accordance with the stated methodology and are comparable with previous results
- completeness – Performance measures and targets match those included in Budget 2010

As Deputy Minister, in addition to program responsibilities, I am responsible for the ministry's financial administration and reporting functions. The ministry maintains systems of financial management and internal control which give consideration to costs, benefits, and risks that are designed to:

- provide reasonable assurance that transactions are properly authorized, executed in accordance with prescribed legislation and regulations, and properly recorded so as to maintain accountability of public money
- provide information to manage and report on performance
- safeguard the assets and properties of the province under ministry administration
- provide Executive Council, the President of Treasury Board, the Minister of Finance and Enterprise, and the Minister of Sustainable Resource Development with information needed to fulfill their responsibilities

- facilitate preparation of ministry business plans and annual reports required under the *Government Accountability Act*

In fulfilling my responsibilities for the ministry, I have relied, as necessary, on the executives of the individual entities within the ministry.

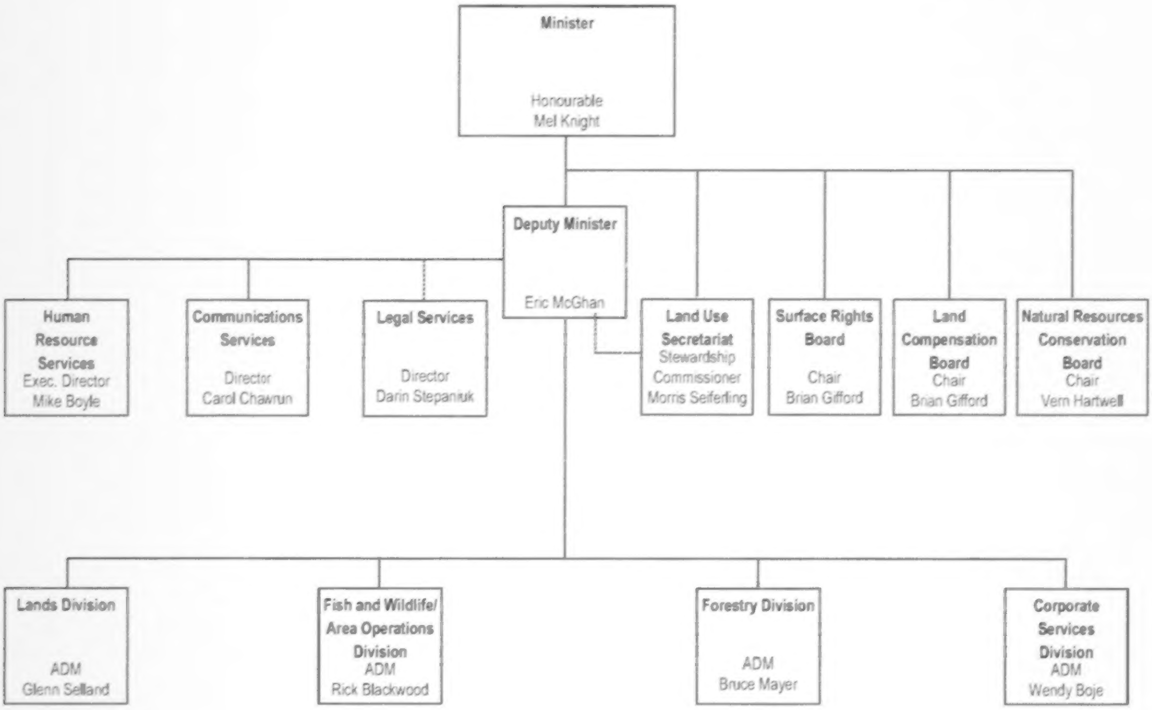
original signed by:

Eric J. McGhan
Deputy Minister of Sustainable Resource Development
June 15, 2011

Results Analysis

Sustainable Resource Development

Ministry Organization Chart Overview
as of March 31, 2011


Minister
Honourable
Mel Knight
Deputy Minister
Eric McGhan
Human Resource Services
Exec. Director
Mike Boyle
Communications Services
Director
Carol Chawrun
Legal Services
Director
Darin Stepaniuk
Land Use Secretariat
Stewardship Commissioner
Morris Seiferling
Surface Rights Board
Chair
Brian Gifford
Land Compensation Board
Chair
Brian Gifford
Natural Resources Conservation Board
Chair
Vern Hartwell
Lands Division
ADM
Glenn Selland
Fish and Wildlife/ Area Operations Division
ADM
Rick Blackwood
Forestry Division
ADM
Bruce Mayer
Corporate Services Division
ADM
Wendy Boje

Ministry Overview

The Ministry of Sustainable Resource Development consists of the Department of Sustainable Resource Development, the Land Use Secretariat, the Natural Resources Conservation Board, the Surface Rights Board, the Land Compensation Board and the Environmental Protection and Enhancement Fund. The ministry also delegates administration for certain legislative responsibilities to three delegated administrative organizations: the Alberta Conservation Association, the Forest Resource Improvement Association of Alberta, and the Alberta Professional Outfitters Society.

The Department of Sustainable Resource Development

The Department of Sustainable Resource Development has three main operating divisions: Lands, Forestry, and Fish and Wildlife. Communications Services, Corporate Services, Human Resource Services and Legal Services provide support for these divisions.

Lands Division

The Lands Division manages Alberta's public land by providing for orderly access to and use of Alberta's public land. The division focuses on several key areas:

- managing the use of all provincial public land to support diverse interests including recreation; agriculture; commercial tourism; geophysical exploration; metallic and industrial mineral exploration; aggregate (gravel and sand) exploration and extraction; and oil, gas, coal, oil sands and quarry development
- issuing land-use dispositions (approvals to use Alberta's public land), regulating geophysical exploration activities, maintaining disposition conditions and collecting revenue
- allocating and managing rangeland resources and maintaining sustainable grazing on public agricultural land
- managing the physical disturbances that industrial and recreational users cause on public land
- developing land management policies, procedures, guidelines and operational land-use plans
- ensuring a clear and effective policy and legislative framework for managing public land

Programs to manage Alberta's public land are delivered by seven branches: Land Management, Rangeland Management, Land Dispositions, Land-use Integration Team, Project Management, Integrated Land Management, and Oil Sands.

Forestry Division

The Forestry Division manages and protects Alberta's forest resources through effective and efficient sustainable forest management practices, wildfire management, forest industry development and forest health activities. These initiatives are supported using the best information, science and technology available to ensure long-term benefits from Alberta's renewable forest resource for present and future generations. The division focuses on several key areas:

- allocating forest resources for industrial use

- approving sustainable forest management plans for how forestry companies operate
- collecting revenue and auditing timber production
- planning and monitoring harvest and reforestation activities to support sustainable forests
- preventing, detecting and suppressing wildfires in the Forest Protection Area
- managing mountain pine beetle infestations, other forest pests and invasive plants
- managing long-term strategic forestry initiatives such as the *Alberta Wood Products Roadmap*, timber royalties, forest product market analysis and value-added opportunities
- promoting the acquisition of science-based information and its application to support resource management decisions
- delivering professional training and safety programs through the Hinton Training Centre
- providing young people with work experience and training in natural resources through the Junior Forest Ranger and Aboriginal Junior Forest Ranger programs
- ensuring a clear and effective policy and legislative framework for sustainably managing forests

Programs to manage Alberta's forests are delivered by three branches: Wildfire Management, Forest Management, and Forest Industry Development.

Fish and Wildlife Division

The Fish and Wildlife Division ensures that Alberta's wild species are managed and used in a manner that optimizes their environmental, social and economic benefits to Albertans, while ensuring they are sustained for present and future generations. The division focuses on several key areas:

- managing fish and wildlife populations for conservation and sustainable domestic, recreational and commercial uses
- managing species and recovering species at risk of disappearing from Alberta
- working with land and forest managers to conserve wildlife habitat and fisheries
- maintaining high levels of compliance with fish and wildlife legislation
- minimizing human-wildlife conflicts to protect people and prevent property loss or damage
- minimizing threats from diseases that infect fish and wildlife and managing invasive species that are not native to Alberta
- providing public education
- ensuring a clear and effective policy and legislative framework for managing wild species

Programs to manage Alberta's fish and wildlife are delivered by three branches: Wildlife Management, Fisheries Management, and Enforcement-Field Services. The Fish and Wildlife Division's Assistant Deputy Minister is also responsible for overseeing all ministry work in nine regional areas throughout the province: Clearwater, Foothills, Lesser Slave, Prairies, Southern Rockies, Smoky, Peace/Upper Hay, Waterways Lac La Biche, and Woodlands.

Support Services

Ministry Support Services comprise a range of services that are more efficiently and effectively delivered centrally. These services include support in the areas of communications, human resources, the law, finance, corporate administration, planning and policy coordination, information management and technology, spatial geographic information, public outreach, aboriginal consultation, and cross-government relations.

The Agencies and Boards

Land Use Secretariat

The Land Use Secretariat provides the leadership, support and expertise to government ministries to coordinate how Alberta's Land-use Framework is implemented. It also supports the regional advisory councils in providing their advice to government for developing regional land-use plans.

Natural Resources Conservation Board

The Natural Resources Conservation Board is responsible for:

- conducting independent public reviews of major, non-energy, natural resource projects under the *Natural Resources Conservation Board Act*
- regulating the confined feeding industry under the *Agricultural Operation Practices Act* through its operational division
- hearing appeals of regulatory decisions made by the board's operational division regarding confined feeding operations

Surface Rights Board and Land Compensation Board

The Surface Rights Board conducts hearings when operators and landowners or occupants fail to agree on entry or compensation, related to resource activity on privately owned lands or occupied public lands. The Land Compensation Board establishes compensation when private land is expropriated by a public authority for projects in the public interest.

The Environmental Protection and Enhancement Fund

Sustainable Resource Development draws from this fund's Natural Resources Emergency Program to cover firefighting expenses, forest health initiatives, and feeding and fencing programs to reduce damage caused by wildlife. The ministry contributes to the fund's revenues primarily through timber royalties and fees.

Sustainable Resource Development's Vision

Stewardship of Alberta's lands, forests, fish and wildlife that benefits both present and future generations of Albertans.

Sustainable Resource Development's Mission

Sustainable Resource Development contributes to the provincial economy and the sustainable use of Alberta's natural resources through responsible and innovative resource management and conservation.

AUDITOR
GENERAL
Alberta

Review Engagement Report

To the Members of the Legislative Assembly

I have reviewed the performance measures identified as "Reviewed by Auditor General" included in the *Ministry of Sustainable Resource Development's 2010-11 Annual Report*. These performance measures are the responsibility of the Ministry and are prepared based on the following criteria:

- Reliability – Information agrees with the underlying data and with sources used to prepare it.
- Understandability and Comparability – Current results are presented clearly in accordance with the stated methodology and are comparable with previous results.
- Completeness – Performance measures and targets match those included in Budget 2010.

My review was made in accordance with Canadian generally accepted standards for review engagements and, accordingly, consisted primarily of enquiry, analytical procedures and discussion related to information supplied to my Office by the Ministry. My review was not designed to provide assurance on the relevance of these performance measures.

A review does not constitute an audit and, consequently, I do not express an audit opinion on these performance measures.

Based on my review, nothing has come to my attention that causes me to believe that the "Reviewed by Auditor General" performance measures in the Ministry's 2010-11 Annual Report are not, in all material respects, presented in accordance with the criteria of reliability, understandability, comparability, and completeness as described above. However, my review was not designed to provide assurance on the relevance of these performance measures.

[Original signed by Merwan N. Saher, CA]

Auditor General
June 2, 2011
Edmonton, Alberta

Performance Measures Summary Table

Core Business One: Sustainable development of Alberta's natural resources

Core Business/Goal Performance Measure	**Prior Year's Results Actual**				**Target**	**Current**
Goal 1: Alberta's public lands are managed to provide economic benefits						
1.a Timely, efficient disposition decisions: Average number of working days for geophysical (seismic) activities	9.5 2006-07	10.7 2007-08	8.8 2008-09	8.1 2009-10	**<10**	9.2 2010-11
1.b Public rangeland allocation: Animal unit months allocated (millions)	1.7 2006-07	1.7 2007-08	1.7** 2008-09	1.7 2009-10	**≥1.6**	1.7 2010-11
1.c Economic Benefit from Alberta's Public Lands:						
Ratio of department revenue from dispositions to department expenditure on managing public lands	-	$1.33:$1 2006-07	$1.19:$1 2007-08	$1.37:$1 2008-09	**>$1.0**	$1.13:$1 2009-10
Ratio of Alberta government resource revenue to department expenditure on managing public lands	-	$207:$1 2006-07	$196:$1 2007-08	$217:$1 2008-09	**$100**	$106:$1 2009-10
Goal 2: Alberta's forests are managed to optimize economic benefits						
2.a* Sustainable timber harvest:						
Annual allowable cut (million cubic metres)	25	25	26	27	**Harvest does not exceed annual allowable cut**	28
Harvest (million cubic metres)	20	21	21	21		21
Gap between forest harvest and the annual allowable cut (million cubic metres)	5 2005-06	4 2006-07	5 2007-08	6 2008-09		7 2009-10

Performance Measures Summary Table (continued)

Core Business/Goal Performance Measure	**Prior Year's Results Actual**				**Target**	**Current**
Goal 3: Alberta's fish and wildlife resources provide economic benefits						
3.a Hunting licences sold: Percentage change in number of licences sold compared to the previous year	-	5.0% 2007-08	2.3% 2008-09	0.2% 2009-10	**Increase in volume each year**	2.0% 2010-11
3.b Fishing licences sold: Percentage change in number of licences sold compared to the previous year	-	0.9% 2007-08	3.7% 2008-09	8.5% 2009-10	**Increase in volume each year**	-6.7% 2010-11
Core Business Two: Conservation and stewardship of Alberta's renewable natural resources						
Goal 4: Alberta's public lands are managed to remain healthy and sustainable						
4.a Rangeland sustainability: Percentage of rangeland leases in good standing	92% 2005-06	90% 2006-07	89% 2007-08	87% 2008-09	**90%**	86% 2009-10
Goal 5: Alberta's forests remain healthy and productive, and sustain healthy ecosystems						
5.a** Healthy forests (planning): Average age of approved forest management plans	5.7 2006-07	5.2 2007-08	6.1 2008-09	6.8 2009-10	**10 years**	6.9 years 2010-11
5.b* Healthy forests (wildfire): Percentage of wildfires contained within the first burning period***	96.2% 2006	97.2% 2007	98.1% 2008	98.7% 2009	**5-year average** 97.7%	98.1% 2010
Goal 6: Alberta's fish and wildlife resources and their habitats are healthy, productive and sustainable						
6.a Healthy sustainable wildlife populations: Percentage of species at risk	-	-	-	2.2% 2005	**<5%**	3.6% 2010

Performance Measures Summary Table (continued)

Core Business Three: Enhanced quality of life

Core Business/Goal Performance Measure	Prior Year's Results				Target	Current Actual
Goal 7: Alberta's public lands, forests and fish and wildlife provide social benefits to Albertans						
7.a Adult hunters: Percentage change in the number of adult hunters (age 18 and over)	-	4.6% 2007-08	1.9% 2008-09	0.0% 2009-10	**Yearly increase**	1.7% 2010-11
7.b Adult anglers: Percentage change in the number of adult anglers (age 18-64)	-	1.1% 2007-08	3.8% 2008-09	8.5% 2009-10	**Yearly increase**	-6.7% 2010-11
7.c Youth hunters: Percentage change in the number of youth hunters (age under 18)	-	10.9% 2007-08	8.8% 2008-09	3.5% 2009-10	**Yearly increase**	6.7% 2010-11
7.d Youth anglers: Percentage change in the number of youth anglers (age under 18)	-	-6.3% 2007-08	1.4% 2008-09	7.0% 2009-10	**Yearly increase**	-6.3% 2010-11

Core Business Four: Land-use Framework

Goal 8: Land-use planning in Alberta is coordinated to enhance quality of life by achieving Alberta's economic, environmental and social goals

8.a Regional planning: Number of completed plans	-	-	New measure 2008-09	0 2009-10	**1 in 11-12 1 in 12-13 1 in 13-14**	0 2010-11

Performance Measures Summary Table (continued)

Core Business/Goal Performance Measure	Prior Year's Results Actual				Target	Current
Goal 9: Natural Resources Conservation Board reviews and hearings result in balanced decisions and are conducted in a manner that is timely, effective, fair and transparent						
9.a Process efficiency: Percentage of Natural Resources Conservation Board's decisions issued within 80 working days of the conclusion of review and within 30 working days of the conclusion of hearings under the *Agricultural Operation Practices Act*	-	-	100% 3 reviews 2008-09	100% 2 reviews 2009-10	**100%**	100% 2 reviews 2010-11
Goal 10: The Surface Rights Board and Land Compensation Board provide accessible processes that result in timely and fair compensation decisions when private land is expropriated or third-party access is granted						
10.a File management: Increase the number of files heard annually by hearing or mediation	-	- (274) 2007	47% (403) 2008	44% (577) 2009	**5% increase**	32% (761) 2010
10.b File disposition: Increase the number of decisions issued annually and/or settlement agreements reached annually	-	- (220) 2007	18% (259) 2008	254% (916) 2009	**5% increase**	-3.7% (882) 2010

* Indicates Performance Measures that have been reviewed by the Office of the Auditor General The performance measures indicated with an asterisk were selected for review by ministry management based on the following criteria established by government:

- Enduring measures that best represent the goal and mandated initiatives
- Measures for which new data is available
- Measures that have well established methodology.

** Measure 5a will not be reported in the 2011-14 Business Plan. The report for 2010-11 is the final report for this measure.

*** The 2010-13 Sustainable Resource Development Business Plan defines the first burning period as: contained by 10 a.m. the day following detection. The burning period definition has been updated to: contained by 10 a.m. the day following assessment. This change has no impact to the methodology for this measure.

Discussion and Analysis of Results

Core Business 1 – Sustainable development of Alberta's natural resources

Sustainable Resource Development's first core business in 2010-11 was managing Alberta's renewable natural resources in a sustainable way to achieve a fair economic return for the citizens of this province. During the year, the ministry spent $193.2 million on delivering core business one, which is 43 per cent of the ministry's operating expenses.

Major results under goals one, two and three, which support core business one, included streamlining regulation of public land use, working to increase forest industry competitiveness, and fostering Alberta's hunting, fishing and trapping industries. More detailed ministry results for goals one, two and three follow.

GOAL 1

Alberta's public lands are managed to provide economic benefits

Results:

Streamlining ministry regulatory activity

Sustainable Resource Development introduced the Enhanced Approval Process (EAP) on September 1, 2010, in support of the government's commitment to maintain a competitive economy by streamlining regulations. The new approval process, which simplifies the regulatory process for the oil and gas industry, applies to applications for four types of public land use: mineral surface leases, licences of occupation, pipeline agreements and pipeline installation leases. Together, these types of applications make up about 75 per cent of all approvals for public land use that the ministry issues.

The EAP, formerly known as the Area Operating Agreement Project, helps ensure effective, practical regulation and shared accountability for stewardship. As the first step in the process industry identifies landscape sensitivities for Alberta's public land using the Landscape Analysis Tool. Then, companies review the conditions for developing projects at desired locations using the same tool. Companies can then use the EAP to apply for ministry approval to develop public land, as long as they agree to meet the approval standards linked to the landscape sensitivities identified. When applications meet standards, approvals are faster and result in time and cost savings for industry and government. As a result, ministry staff spend less time on paperwork and more time doing important monitoring and compliance work. Between September 1, 2010 and March 31, 2011, more than 3,800 applications to use public land were received, and almost 3,100 applications were approved through EAP.

Coordinating government work on oil and gas

The cross-ministry Regulatory Enhancement Task Force, in which Sustainable Resource Development staff partnered, was established in March 2010 to lead a comprehensive review of Alberta's upstream oil and gas regulatory system. On January 28, 2011, the task force delivered its report to government. The task force's report makes a number of recommendations to ensure

Alberta has a modern, efficient, outcomes-based and competitive regulatory system that maintains the province's strong commitment to environmental management, public safety and resource conservation.

Task force recommendations include the following:

- creating a single oil and gas regulatory body
- providing clear public engagement processes
- using a common approach to risk assessment and management
- adopting performance measures to enable continuous system improvement
- creating a mechanism to help resolve disputes between landowners and companies, and enforce agreements where required

Aligning ministry business with major government initiatives

In 2010-11, Sustainable Resource Development supported government direction in the Land-use Framework, as well as *Responsible Actions—A Plan for Alberta's Oil Sands.* During the year, the department provided significant support to the Land Use Secretariat to develop regional plans for the oil sands region and southern Alberta. Department staff worked with the Land Use Secretariat, Energy, Environment, and Tourism, Parks and Recreation to develop common information for regional advisory councils to use in developing land-use plans. Land Use Secretariat and department staff also supported public consultations, led cross-ministry efforts to define and measure environmental footprints and participated in conservation planning.

To advance government plans in the oil sands region during 2010-11, Sustainable Resource Development supported implementation of *Responsible Actions—A Plan for Alberta's Oil Sands*. The ministry moved forward with the GeoDiscover program, which is making it easier to share land-use information among Government of Alberta ministries, stakeholders, industry and the public. Better information sharing allows better land-use decisions in the oil sands region. The ministry also worked collaboratively with Alberta Environment to review the working relationships between the government and the Cumulative Environmental Management Association to revise and clarify the association's role and government staff roles in the association. The Cumulative Environmental Management Association makes recommendations that allow government to better manage some of the environmental impacts of oil sands development on Alberta's lands, forests, fish and wildlife.

The Government of Alberta continues to meet Alberta's legal duty to consult aboriginal communities whose constitutionally protected rights, under section 35 of the *Constitution Act*, 1982 (Canada), are potentially adversely impacted by development. Cabinet approved the Government of Alberta's First Nations Consultation Policy on Land Management and Resource Development in 2005. The Policy commits Alberta to consult with First Nations where land management and resource development on provincial Crown land have the potential to adversely impact First Nations' rights and traditional uses. Sustainable Resource Development plays a major role in addressing this government-wide priority. Every year, the ministry receives thousands of applications to develop or use public land. All applications undergo a pre-consultation assessment to determine if consultation is required. After consultation has been completed on those applications that require it, staff review each engagement to ensure the ministry has met its legal duty to consult.

Using technology to improve performance

The ministry continued to incorporate technological innovations into its systems and processes in support of the government's efforts to make Alberta more competitive for business. In 2010-11, Sustainable Resource Development enhanced its Geographic Land Information Management Planning System (GLIMPS) in preparation for the retirement of the Land Status Automated System (LSAS) on March 31, 2011. A 25-year old mainframe system, LSAS, was the government's land data registry. Sustainable Resource Development used LSAS to track and manage all land surface activity in the province. To continue to maintain information on public land use, the ministry enhanced the GLIMPS system to allow the transfer of surface data and functionality from LSAS before it was retired. The transfer allowed Sustainable Resource Development to own and manage provincial information on land surface activity and operate with newer technology that supports the Enhanced Approval Process for applications to use public land.

The Mobile Office Initiative, the ministry's pilot project that received a gold Premier's Award of Excellence in 2009-10, allows field staff to access land-use information in real time for decision-making in the field. Rugged laptops were installed in some vehicles, so staff could test the value of having mobile technology for inspections and enforcement activities. In 2010-11, the initiative transitioned from a pilot project to regular program operations. The department acquired additional laptops to expand the initiative's scope. Mobile office technology has provided operational benefits such as increased time in the field for inspections of public land use; reduced time for data entry into ministry systems; and helped provide better, more immediate client service.

Technological advances also supported the ministry's new Enhanced Approval Process (EAP). The EAP relies on the Landscape Analysis Tool, a web-enabled geospatial mapping system, to inform the oil and gas industry of environmental sensitivities on public land that companies are considering for development. The tool enables companies to address sensitivities in their applications before they are submitted, making the government review and approval process more efficient.

A new ministry performance measure in 2010-11 reports the economic benefit Alberta derives from developing the province's public lands compared to ministry expenditures directly related to managing public lands (results lag by one year). Results indicate a revenue of $1.13 for every dollar in 2010-11 when compared to the amount Sustainable Resource Development spends annually to manage public land. The second ratio reported in the measure indicates that for every dollar Sustainable Resource Development spends to manage public land, $106 is received as provincial revenue derived from public land use.

GOAL 2
Alberta's forests are managed to optimize economic benefits

Results:

Maintaining forest industry competitiveness

At least 50 communities in Alberta look to the forest industry for their livelihoods. Alberta's forest industry generates more than $8.4 billion per year in revenue and supports 31,600 jobs. As a result, one of Sustainable Resource Development's biggest priorities in 2010-11 was to work with industry to identify options to improve the forestry sector's long-term viability.

Alberta's forest industry continues to face significant competitive challenges. The pulp and paper industry is undergoing fundamental structural change because of decreased paper consumption and increased competitiveness of producers in the southern hemisphere. In response to these challenges, the ministry recognizes the need for new revenue streams for forest-based communities. The emerging bio-industry is currently viewed as one way to protect and create jobs in the forest industry and improve forest community stability.

During 2010-11, Sustainable Resource Development began to develop the *Alberta Forest Products Roadmap*, in collaboration with senior members of the forest industry. The roadmap will be a customized development plan reflecting Alberta's unique needs and opportunities in wood products and bio-energy, for the coming decade. This initiative is a direct response to feedback from an April 2010 workshop on the future of Alberta's wood products sector and builds on past work undertaken by the government and the wood products industry. The focus of the roadmap will be strategies for building with wood, living with wood and leveraging the unique properties of wood into new products and applications. This approach will help communities protect jobs, reduce the loss of skilled labour and professionals, and maintain a revenue stream. This project started on November 1, 2010, and will conclude in 2011.

Ministry staff partnered with staff from Alberta Employment and Immigration, and Alberta Finance and Enterprise on a number of initiatives related to workers in resource-dependent communities to improve training, and transition to stable employment for a variety of industries. Sustainable Resource Development staff also worked with Alberta Energy staff to deliver Energy's bio-energy grant program for various feasibility and implementation studies related to forest bio-fibre opportunities. Out of more than $150 million awarded to date, almost $47 million has been awarded to 17 companies that may use wood biomass for bio-energy production.

GOAL 3
Alberta's fish and wildlife resources provide economic benefits

Results:

Contributing to Alberta's economy through hunting, fishing and trapping

The Hunting for Tomorrow Foundation's 2008 report, *The Economic Benefits of Hunting and Fishing in Alberta*, estimated that about $800 million was spent by hunters, anglers and related conservation organizations in Alberta in 2008. This figure included approximately $300 million on recurring direct hunting and fishing expenditures and $501 million on capital equipment expenditures.

In 2010-11, Albertans paid $22 million in hunting and fishing fees. Close to $12 million of this revenue funded programs to directly benefit fish and wildlife populations and their habitat (mainly through the work of the Alberta Conservation Association), and to support management of these resources (such as the annual game harvest survey). The remaining revenue of about $10 million went into the province's general revenue fund and also covered operating costs for the licensing system.

The professional outfitting and guiding industry has evolved into a flourishing business that contributes in excess of $100 million to Alberta's economy. A total of 460 professional outfitter-guide operations (registered through the Alberta Professional Outfitters Society) provide services to several thousand hunting clients annually. The ministry consults with the Alberta Game Management Advisory Group to ensure that opportunities to hunt game meet the demand from residents and visitors, while sustaining game populations.

While sportfishing and associated tourism spin-offs make a significant contribution to the economy, the commercial fishing industry is also important for some communities. Alberta's more than 150 licensed commercial fishing operations harvest around two million kilograms of fish, valued at $3.5 million, per year. Commercial fishing operations harvest mostly whitefish, as well as pike and walleye.

Aquaculture, which is the breeding and raising of aquatic species such as fish in a controlled setting to enhance production, contributes about $10 million annually to Alberta's rural economy. In Alberta, the aquaculture industry comprises about 4,000 recreational ponds and 80 commercially licensed operations providing fish for human consumption and recreational fishing opportunities in private licensed facilities. Responsibility for regulating and managing aquaculture in Alberta is shared by Sustainable Resource Development and Agriculture and Rural Development. Sustainable Resource Development also manages competitive fishing events, with approximately 20 major tournaments being organized annually that provide economic benefits to local communities and businesses.

Commercial trapping in Alberta is a small, but viable industry that, on average (five-year base), makes $1.7 million in fur sales and up to $14,000 in annual individual revenue for trappers. The ministry is working with the Alberta Trappers' Association, as well as the oil and gas, and forestry industries to enhance how trapping is managed in Alberta.

Streamlining standards, guidelines and requirements for industry

Key goals for the ministry include managing wildlife populations to sustain species, protecting vital fish and wildlife habitat and enabling industrial activity on the landscape. In 2010-11, significant progress was made in developing tools and processes to support integrated planning and land-use decision-making. This work is helping Alberta fulfil conservation goals, realize economic benefits from fish and wildlife resources, and remain competitive for business.

As part of the ministry's work to develop the Enhanced Approval Process for industry applications to develop public land (explained under goal one), it reviewed its requirements and guidelines for managing Alberta's forests, lands, fish and wildlife. The ministry made process improvements while continuing to maintain strict requirements that protect Alberta's fish and wildlife and their habitat.

Another success story in wildlife management is the new C5 forest management plan for the Crowsnest Pass area, which is designed to manage timber harvesting activities to support forest health, protect water resources and support Alberta's Grizzly Bear Recovery Plan. Under the C5 plan, resource roads must be decommissioned once access for harvesting timber is no longer required. The plan meets the Canadian Standards Association's internationally accepted standards for sustainable forest management, including conserving biological diversity, forest ecosystem function, and soil and water resources.

Working with agricultural operators on problem wildlife

A number of programs are in place to protect public safety and reduce the negative impact to agricultural businesses from property loss or damage associated with wildlife. Government efforts concentrate on education, prevention, mitigation (such as fencing to protect stacked livestock feed), and compensation for loss or damage caused by wildlife.

On behalf of Sustainable Resource Development, the Alberta Conservation Association provides compensation for livestock losses and treatment of injured livestock (cattle, swine, goats, sheep and bison) resulting from losses or injuries caused by bear, wolf, cougar and eagle. Producers are eligible for compensation when it can be confirmed that predators caused livestock loss. In 2010-11, almost 440 complaints of large predators killing or injuring livestock were investigated, nearly 260 claims for compensation were processed and 192 of those claims were approved. These claims resulted in producers receiving approximately $200,000 in compensation for livestock killed or injured by animal attacks. Compensation of about $22,000 was also paid to agricultural producers for livestock shot during hunting season.

Wolves were responsible for nearly 170 claims for compensation. Wolves are a problem for livestock mainly in southwest Alberta. The ministry is working closely with local ranchers on new approaches to reduce conflict with wolves. Municipalities, non-government organizations, agricultural producers and others in the region are developing a community-based approach to carnivore management.

A new *Rancher's Guide to Predator Attacks on Livestock* produced by the ministry also helps livestock producers understand the nature of predator attacks, so they can better assess whether livestock have been killed by large carnivores such as bears, wolves or cougars, making them eligible for compensation. This reduces the time ministry staff spend investigating cases where livestock may have died from other causes. The success and usefulness of this guide are evident from the number of other wildlife management agencies that have requested permission to use it in their own jurisdictions.

Core Business 2 – Conservation and stewardship of Alberta's renewable natural resources

The conservation and stewardship of Alberta's renewable natural resources was Sustainable Resource Development's second core business in 2010-11 because smart growth incorporates sound environmental management. During the year, the ministry spent $171.8 million on delivering core business two, which is 38 per cent of the ministry's operating expenses.

Major results under goals four, five and six, which support core business two, included modernizing how Alberta's public land is managed, fighting wildfire and maintaining forest health and sustaining biodiversity, which included protecting grizzly bear and other species at risk.

GOAL 4

Alberta's public lands are managed to remain healthy and sustainable

Results

Modernizing Public Land Management

In 2010-11, the *Public Lands Act* was amended to modernize ministry processes for managing public lands. Public land covers roughly two-thirds of the province's total area. The amendments that came into force on April 1, 2010, updated the 60-year-old legislation with new tools to better manage public land and support implementation of Alberta's Land-use Framework.

With the new amendments in place, Sustainable Resource Development started work to update its regulations so they align with *Public Lands Act* changes. The proposed Public Land Administration Regulation updates authority for land management; compliance and enforcement; and appeals and dispute resolution. It consolidates four regulations (Disposition and Fees Regulation, Unauthorized Use of Public Land and Recovery of Penalty Regulation, Forest Recreation Regulation, and Castle Special Management Area Regulation), enacts new general access provisions and establishes appeal and dispute resolution provisions.

Between June and October 2010, extensive public consultations on the proposed regulation changes were conducted with a number of stakeholders and user groups including industry (oil and gas, agriculture, forestry, and gravel and sand), municipal associations, stakeholder associations, and environmental non-government organizations. All First Nations were also contacted for consultation, and staff met with 21 First Nations that requested meetings. The other First Nations received written communication on the proposed regulation changes. An Internet survey was also conducted in August 2010 to gather public opinion, and more than 2,100 responses were received. In addition, the ministry received a number of written submissions. The proposed regulation changes are expected in 2011-12.

Increasing leaseholders' participation in managing range and shore land

In 2010-11, Sustainable Resource Development successfully introduced the stewardship self-assessment process to assess the health of public range and shore land (riparian area). The 2010-11 year marked the first time that leaseholders requesting grazing lease renewals, used a standard form to assess how well they were managing their leases for sustainability. Ministry staff then used this information in an overall risk assessment that helped target staff resources to higher-risk leases.

Work continued during 2010-11 to create awareness with agricultural industry groups on the ministry's expectations of grazing leaseholders, as outlined in the *Grazing Lease Stewardship Code of Practice*. The ministry also continued to use the Cows and Fish program to improve stewardship of Alberta riparian areas by educating leaseholders and landowners on best practices for sustaining these important areas of sensitive biological diversity.

Strengthening partnerships for enforcing land-use conditions

Enforcement partnerships help the ministry protect the landscape, especially during the summer recreation season. These partnerships among Sustainable Resource Development and the ministries of Transportation; Tourism, Parks and Recreation; and Solicitor General and Public Security, as well as RCMP "K" Division, make the best use of resources. By combining efforts, all partners create a bigger impact with targeted education, compliance patrols and checkstops, especially during busy times like the May long weekend. In 2010-11, the ministry and partner agencies interacted with almost 74,000 recreational users resulting in nearly 1,800 enforcement actions.

Restoring public land's productivity and ecological balance

In 2010-11, the ministry continued to implement the Land Management Inspection Program, which uses a risk-management approach to prioritize ministry inspections of public land use. The inspection program relies on the Mobile Office Initiative to help field staff identify inspection priorities and make the best use of their time in the field. In the 2010 calendar year, ministry staff conducted more than 18,300 inspections to ensure that public land was being used as the government intended.

On the regional planning front, the department provided best practices in land remediation and reclamation to regional advisory councils for developing regional plans under the Land-use Framework. The ministry also worked with partners, including the Foothills Restoration Forum, in developing best practices in reclamation and restoration of landscapes disturbed by industrial activity. In 2010-11, the ministry issued more than 800 reclamation certificates for public land returned to similar productivity as before development, consistent with similar numbers in 2008-09 and 2009-10.

To support grassland reclamation, the ministry also used several range health tools and criteria to determine the ecological function of reclaimed land. Among these are the rangeland health assessment field workbook, range plant community guides, *Guidelines for Reclamation in the Foothills Fescue Prairies* and the Grassland Vegetation Inventory, which have all been developed by ministry staff.

In 2010-11, work continued to improve infrastructure on provincial grazing reserves. The Provincial Grazing Reserve Multiple-use Reconstruction Project infused $7 million into rural Alberta for replacing worn-out infrastructure and building wildlife-friendly fences, redeveloping irrigation systems as well as developing trails, stock water sources and new multi-use pastures. Funding for these projects was also received from the federal government's Western Economic Diversification Community Adjustment Fund that provided $6 million for reconstruction: $2.2 million in 2009-10 and $3.8 million in 2010-11. The Alberta government maintains 32 provincial grazing reserves throughout the province, covering approximately 291,000 hectares (about 720,000 acres). About 1,300 livestock producers use community pastures to provide grazing for 62,000 head of cattle.

Integrating activity on public land

One way the ministry promotes effective public land management is through the Integrated Land Management Program. This program encourages government, industry and others who are active on Alberta's landscape to work together to manage and reduce the disturbance footprint humans cause on public land. For example, fewer roads may be needed if land users coordinate and share access into an area.

In June 2010, the ministry introduced the Shared Footprints Award developed in partnership with the Alberta Emerald Foundation to recognize excellence in reducing environmental footprints using integrated land management. The ministry celebrated the award's inaugural winners—Alberta-Pacific Forest Industries and Innovative Pipelining Strategies—which received their awards for reducing human-caused disturbance on the land by coordinating their land-based activities with those of other land users. Alberta-Pacific Forest Industries won for using an integrated approach to managing lands within its forest management area in northeastern Alberta since 1999. Innovative Pipelining Strategies won for developing a collaborative approach to minimizing the impacts of pipelines constructed on agricultural and forested lands.

Work also continued on the Berland Smoky Regional Access Plan to provide guidance on locating primary corridors, route selection criteria, and requirements for stakeholder consultation and notification. The Berland Smoky area east of Grande Cache has multiple and competing land-use values.

As part of integrated land management, the ministry also supported developing tools like the Grassland Vegetation Inventory and the Primary Land Inventory. These tools are essential for managing the cumulative effects of development and establishing land-use performance measures in the grassland and parkland portion of the province.

GOAL 5

Alberta's forests remain healthy and productive, and sustain healthy ecosystems

Results

Responding to wildfires

The department uses leading-edge technology to predict the weather, estimate wildfire growth and position resources to manage wildfires. The ministry provides a wildfire management framework that enables the province to respond to wildfires through a regime that quickly detects, contains and suppresses wildfires within the Forest Protection Area to minimize related losses. The Forest Protection Area is the portion of the province where the ministry has the mandated authority to suppress and prevent wildfire. It includes more than 60 per cent of the province's landbase.

In the 2010 fire season (April 1 to October 31), Alberta experienced a 12 per cent increase in the number of wildfires and a 13 per cent increase in the number of hectares burned (both when compared to the five-year average). More than 1,800 fires were recorded in the Forest Protection Area during the 2010 fire season, burning an area of almost 84,000 hectares (207,500 acres). This compares to the five-year average of about 1,600 wildfires per season and 74,000 hectares (182,800 acres) burned. Of all wildfires in 2010, 55 per cent were human–caused, representing approximately three per cent of the total area burned.

The ministry received $102.7 million in its annual budget for wildfire preparedness in 2010, which covered preventing and detecting wildfires, as well as retaining the necessary personnel, equipment and aircraft for immediate mobilization. The cost of actually fighting wildfires is added to Sustainable Resource Development's budget as needed, through emergency funding from the Environmental Protection and Enhancement Fund. Emergency funding is used because the ministry cannot predict how severe the wildfire season will be. In July 2010, the ministry applied for and received $110 million in emergency funding for the 2010 wildfire season. Emergency funding paid for increased levels of skilled personnel, aircraft, heavy equipment, general supplies and any reforestation required to replace burned forest. It is standard procedure to use emergency funding to pay for wildfire response, while the base budget prepares for the wildfire season.

Sustainable Resource Development has mutual-aid agreements with most Alberta municipalities outside of the Forest Protection Area and can provide firefighting resources to municipalities when available. As part of these agreements, the ministry provided wildfire assistance, in the form of crews, helicopters, airtankers and advisors to municipal districts and counties for 43 wildfires in 2010. The largest and most prominent of these fires was the April 2010 Mill Creek wildfire in Thorhild County. It threatened the community of Opal, caused the evacuation of a number of rural subdivisions and homes, and burned nearly 3,000 hectares (7,400 acres). The ministry provided more than 200 personnel plus heavy equipment and aircraft to battle this wildfire.

The ministry measures its success in managing wildfires in the province by determining the percentage of fires contained within the first burning period (by 10 a.m. the day following assessment). The most successful way to fight wildfires is to respond quickly, before fires have a chance to spread in the heat of the day. In the 2010 wildfire season, Sustainable Resource Development contained 98.1 per cent of Alberta's wildfires within the first burning period. This result achieves the steep target of 97.7 per cent (the rolling average of the past five year's results), indicating that the ministry is successful in managing wildfires in Alberta.

Firefighting resources were also exported to assist with fires in British Columbia, Yukon, Northwest Territories, Saskatchewan, Ontario, Quebec, Manitoba and Alaska. Most notable was the export of 300 firefighting personnel, equipment and various aircraft to help battle severe wildfires in British Columbia. These exchanges were made possible through resource-sharing agreements that allow for the quick movement of resources to other jurisdictions experiencing large numbers of wildfires or extreme fire hazard.

To help protect Alberta's forested communities and enhance forest health by reducing susceptibility to wildfire and disease, Sustainable Resource Development completed over 1600 hectares (3,900 acres) of prescribed burns in 2010-11. These are fires that are deliberately set and controlled in specific places to accomplish planned, well-defined resource management objectives. Prescribed burns are applied under select weather conditions and managed to minimize smoke and maximize site benefits.

Fire prevention work also reduces the wildfire threat in communities. In 2010-11, the FireSmart Program, which educates municipalities and Albertans on wildfire prevention, resulted in the completion of 27 wildfire preparedness guides and six wildfire mitigation strategies. Twelve fuel management projects were also undertaken. One FireSmart grant was awarded in 2010-11 for the County of Grande Prairie to reduce the fire hazard by disposing of debris left from mountain pine beetle control treatments. There were 236 industry wildfire control plans submitted by the energy sector.

A partnership between the federal government and the ministry resulted in $30 million being directed to the Forest Resource Improvement Association of Alberta to establish and operate the fire hazard reduction and forest health programs. The funding supported 92 projects across Alberta to protect communities from wildfire, reduce mountain pine beetle habitat and provide local employment.

The FireSmart Community Series was held in Edmonton from March 23 to 25, 2011 and approximately 130 experts and municipal representatives participated. The goal was to provide information to help communities avoid losses from wildfire. The ministry also worked with the Partners in Protection Association to begin development of a *FireSmart Farm and Ranch Magazine* to encourage agriculture-based communities to conduct projects that prevent wildfires and reduce wildfire risk. Completion of the magazine is expected in 2012.

During 2010-11, Sustainable Resource Development participated in launching the Western Partnership for Wildland Fire Science. This partnership between the ministry, the Canadian Forest Service and the University of Alberta is creating a centre of excellence in wildland fire science. The centre's work will contribute to best practices for managing fire in Canada and around the world.

Maintaining forest health

To maintain the health of Alberta's forests, the ministry used the best technology available in 2010-11 to manage insect pests such as the mountain pine beetle. Beetle infestations threaten the health of six million hectares (14.8 million acres) of Alberta forests that include stands of pine trees. Infestations began in southwest Alberta in 2002 and in west-central Alberta in 2006, following a beetle invasion from British Columbia. Values at risk to mountain pine beetle infestations include watershed integrity, fish and wildlife habitat, recreation and tourism opportunities, commercial timber supplies and community sustainability.

More than $28 million was committed to beetle control work in 2010-11. Field surveys were completed across the province to assess beetle population success, to detect a possible in-flight from British Columbia, and identify the number of trees that were at high risk for mountain pine beetle attack. Forest companies adjusted harvest plans to remove some high-risk trees, and the level one control program, which involves grinding, burning or peeling individual trees, was implemented across priority areas of the province.

The 2010 aerial survey program to detect new mountain pine beetle infestations showed Alberta is making some headway in its fight against the beetle. Surveys confirmed that the number of new trees attacked has declined from the 2009 survey. There was no indication of beetle spread from British Columbia during the summer of 2010. Government action to remove infested trees, coupled with extreme temperature fluctuations in the winter of 2009-10 are responsible for the lower number of attacked trees.

The Mountain Pine Beetle Municipal Grant program supports beetle control operations for municipalities. The program provides funding and expert advice to municipalities that help manage beetles on municipal and private lands. Grants enable municipalities to assist the ministry in containing infestations and minimizing beetle spread. In 2010-11, more than $680,000 was awarded to Whitecourt, Edson, Swan Hills, the Canmore Corridor, Woodlands County, Yellowhead County, the County of Grande Prairie and the Municipal District of Crowsnest Pass.

The ministry worked with the forest industry and municipalities in central Alberta and the Grande Prairie region to create coordinated mountain pine beetle plans. The plans used current survey information to determine the forests most at risk of loss to mountain pine beetle and direct harvest planning and operations.

Forest management plans are key to maintaining healthy forests, communities, watersheds and a competitive forest industry. Such plans address renewing forests after insect and disease attacks, making more and better use of wood fibre, cooperating on access roads, producing and maintaining water supplies and managing habitat for wildlife species. In 2010-11, the ministry approved sustainable forest management plans for Canadian Forest Products Limited in Grande Prairie, Slave Lake Pulp Corporation in Slave Lake and Sundance Forest Industries Limited in Edson.

One of the ways the ministry measures its success in forest management is by tracking the average age of forest management plans to determine how current these plans are. The more up-to-date a plan is, the better it will be at directing forest management activities. In 2010-11, the average age of forest management plans was 6.9 years, well below the target of less than 10 years. Plans are updated even more often if significant natural disturbances occur (e.g., wildfire, insect and disease outbreaks), to reflect forest changes resulting from these damaging events.

Another way the ministry measures its success in sustaining Alberta's forests is by comparing the amount of timber the province allows the forest industry to harvest each year (annual allowable cut or AAC) with the forest industry's actual annual harvest. The AAC is specific to forest management areas and takes into account supply and demand for timber. The target for this measure states that actual timber harvest should not exceed the AAC. The 2009-10 AAC level (results lag by one year) was set at 28 cubic metres, which was above the actual timber harvest of 21 cubic metres. The target for this measure was exceeded indicating that Alberta's forest is sustainable at the current level of industry timber harvesting.

Managing forests through the Land-use Framework and its regional plans

The ministry contributed significant information about Alberta's forests to the planning process for the proposed Lower Athabasca Regional Plan for land use in the province's northeast. This involved assessing the impacts of the plan on timber supply and developing strategies to lessen potential impacts of conservation areas. Additionally, the ministry supported initial work on the proposed South Saskatchewan Regional Plan for land use in southern Alberta by offering advice on potential timber supply impacts. Amendments to the *Forests Act* supporting Alberta's Land-use Framework came into effect April 1, 2010.

Reforestation

In 2010-11, the ministry improved its seed inventory processes to ensure that harvested areas are reforested with exactly the same tree species previously cut. There are now stricter standards for documenting seed availability to demonstrate that there is sufficient seed supply to meet immediate reforestation needs. Additionally, the seed supply risk management process was enhanced to better identify potential seed shortages. In 2010-11, 15 tree nurseries were audited to inspect their processes for growing and distributing reforestation seedlings. These nurseries have implemented tracking systems that control seedlot integrity from when seeds are shipped from the Alberta Tree Improvement and Seed Centre to when they are planted in the seed zone of origin. More than 50,000 hectares (123,500 acres) were reforested during 2010-11 by planting a variety of seedlings including pine (36 million), spruce (35 million), and others (101,000) including true firs, Douglas fir, tamarack, larch, white birch, balsam poplar and trembling aspen.

Two new forestry performance measures are under development. The Rate of Forest Regrowth, will be used to demonstrate the sustainability of Alberta's forests by showing the rate at which harvested areas are regrown. Industry Compliance with Government Standards will be used to demonstrate forest industry compliance with legislation and best forest management practices. Additional information about these measures are found in the 2011-14 business plan for Sustainable Resource Development.

GOAL 6

Alberta's fish and wildlife resources and their habitats are healthy, productive and sustainable

Sustaining biodiversity

The International Year for Biological Diversity was celebrated in 2010 to highlight the need to conserve biodiversity and ensure sustainable use of biological resources. Biodiversity, the variety of living things, is a critical component and indicator of environmental health.

In 2007, the ministry launched the Alberta Biodiversity Monitoring Institute in its first year of full operation. The institute is a world-class, independent agency that focuses on collecting information on species, habitat and human disturbance of habitat. The information gathered by the institute is used to inform decisions on managing fish and wildlife populations and inform regional plans under the Land-use Framework. The cost of delivering the institute's operational program is shared among partners. In 2010-11, the Alberta government provided $3.76 million in funding. The institute now has air-photo data for 560 sites across the province that monitor human-caused and natural habitat changes. The institute will intensify its monitoring in the oil sands area in 2011-12, based on additional financial support from regional resource companies and government.

Managing species at risk

Alberta has a well-established and comprehensive strategy for the conservation and recovery of species at risk as described in *Alberta's Strategy for the Management of Species (2009-2014).* Alberta's Species at Risk program is built on science and collaboration with stakeholders on six key components: general status assessments, detailed status assessments, legislation, recovery planning, prevention, and management actions.

Every five years, Alberta reports on the well-being of animal and plant species in the province through a general status report. The *2010 General Status of Alberta Wild Species* report, now posted on the ministry website, provides the status of 5,235 species, including hundreds of vertebrate animals and thousands of plants and invertebrates. These status rankings were prepared over the last five years by species experts across Canada and represent the most up-to-date inventory of provincial biodiversity.

The way the ministry measures its performance in achieving healthy, sustainable fish and wildlife populations is by calculating the percentage of species at risk. Every five years, the percentage of species at risk is calculated using the general status ranks for all Alberta vertebrates (mammals, birds, amphibians, reptiles, and fish). In 2010, we calculated that 21 of 584 vertebrate species (i.e., 3.6 per cent) are at risk of disappearing from the province. This is a small increase from the 2.2 per cent of species at risk reported in 2005, and below the target of less than five per cent. Note that the calculation uses the number of vertebrates (584) rather than the full range of species (5,235) to make long-term comparisons more meaningful.

As indicated in the status report, most populations of plants and animals in Alberta are healthy and secure. Of the 5,235 species assessed in the province, there are currently the following:

- 16 endangered species, which means that a species is facing imminent extinction or elimination from Alberta
- 13 threatened species, which means that a species is likely to become endangered if limiting factors are not reversed
- 15 species of special concern, which are species with characteristics that make them particularly sensitive to human activities or natural events

- **Endangered species**: swift fox, bison, whooping crane, greater sage-grouse, piping plover, Ord's kangaroo rat, burrowing owl, ferruginous hawk, mountain plover, short-horned lizard, tiny cryptanthe, soapweed, western spiderwort, Porsild's bryum, whitebark pine, limber pine
- **Threatened species**: woodland caribou, barren ground caribou, grizzly bear, northern leopard frog, trumpeter swan, peregrine falcon, small-flowered sand-verbena, lake sturgeon, shortjaw cisco, St. Mary sculpin, western silvery minnow, stonecat, westslope cutthroat trout
- **Species of special concern**: Sprague's pipit, long-toed salamander, loggerhead shrike, long-billed curlew, black-throated green warbler, harlequin duck, bull trout, white-winged scoter, prairie falcon, barred owl, western blue flag, Arctic grayling, Weidemeyer's admiral, western grebe, western small-footed bat

Managing grizzly bear

In June 2010, after careful evaluation of scientific information in a detailed status assessment, the grizzly bear was given legislated protection through listing as a threatened species in Alberta. During the year, close to $0.9 million was spent on managing grizzly bears and the BearSmart Program, which aims to help protect both the public and bears. This does not include most of the staff time involved in responding to problem grizzly bears. Responses in these situations include monitoring, communicating with the public, removing attractants, scaring bears away (e.g., with Karelian bear dogs), and relocating bears. During 2010-11, 13 grizzly bears were relocated—six bears within their home range, five bears outside their home range due to a history of problems and two bears within their home range first, then outside their home range after further problems.

The *Grizzly Bear Recovery Plan* calls for action on three priorities to ensure a stabilized and growing bear population: managing motorized access to critical grizzly bear habitat, providing ongoing support for applied research, and reducing bear/human conflicts and bear deaths caused by humans.

In 2010-11, people caused 19 of the 21 known bear deaths. The BearSmart Program works with communities, residents, visitors, hunters, farmers, ranchers, beekeepers and industry employees in bear habitat to manage access and human activities that affect grizzly bears. In southwestern Alberta, the ministry worked with the Drywood-Yarrow Conservation Partnership and Cardston County to reduce potential bear-agricultural conflicts through intercept feeding—placing road-killed deer, elk and moose in alpine areas when bears emerge in spring so they are less likely to move to farms and attack livestock.

Managing caribou

In 2010-11, the ministry worked with the multi-stakeholder Alberta Caribou Committee to seek input to a draft Woodland Caribou Policy for Alberta. A consultation process specific to First Nations was also undertaken. The draft policy is designed to enable pro-active and effective conservation efforts for caribou.

Caribou conservation is a responsibility led by the government and shared with the public and private sector. A comprehensive, integrated partnership approach is needed to commit financial and other resources to achieve the best results in caribou recovery. Caribou conservation is an important focus when planning land-use activities such as timber harvesting, oil and gas development, in-situ and oil sands development and other mining activities that occur in caribou range. The Alberta government is also collaborating with Environment Canada to develop a national caribou recovery strategy.

Restoring greater sage-grouse populations

The ministry is collaborating with landowners and land managers to implement Alberta's recovery plan for greater sage-grouse. These efforts include habitat modeling, map development, and an enhanced regulatory approval process to ensure new requests for developing public land in sensitive habitat are accompanied by plans to benefit sage-grouse and their habitat.

In 2010-11, ministry staff met with industry stakeholders to advance practices that more effectively benefit sage-grouse over the long term. With cooperation from the oil and gas industry, numerous mitigations are being employed, so that the current industrial footprint is not expanded in and around important sage-grouse habitat.

Recovering other species

Alberta develops realistic and viable recovery strategies and conservation plans in consultation with species experts, wildlife and land managers, researchers and stakeholders. In 2010-11, a new recovery plan was completed for the plant Porsild's bryum. The recovery plan for the bird piping plover was updated, and conservation management plans were completed for four species of special concern: the long-toed salamander and three birds—Sprague's pipit, harlequin duck, and long-billed curlew.

Recovery of each species at risk has its own unique challenges. In 2010-11, drawing on a variety of resources and using a combination of legislation, regulations and policy actions, the ministry made progress on implementing projects to support recovery of a number of species. Notable recovery accomplishments were achieved for greater sage-grouse, northern leopard frog, piping plover, trumpeter swan and ferruginous hawk.

The Multiple Species at Risk (MULTISAR) Program continues to be successful in species recovery by integrating rangeland management with species at risk recovery plans. The program helps landowners and leaseholders adopt voluntary management practices to benefit native prairie habitat in southern Alberta, where a number of species at risk are found.

Monitoring for disease

Alberta is monitoring for chronic wasting disease (CWD) and assessing deer populations at highest risk along the Saskatchewan border from Cold Lake to the United States. Hunters are partners in the government's focus on monitoring and managing wild deer in areas where CWD has been detected. Alberta's CWD monitoring program is consistent with Canada's National Chronic Wasting Disease Control Strategy and is reviewed each year. In 2010-11, hunters were given extra hunting opportunities along the eastern border in an effort to lower the risk of spread that comes with high deer populations in a particular area. During the year, 20 new cases of CWD were identified, bringing the total number of Alberta cases to 94, since the disease was first detected in the province in 2005.

Although the United States Centre for Disease Control has not been able to find links between eating CWD-positive deer or elk and disease in humans, the government's testing program enables hunters to choose whether or not to eat the meat from an animal that tested positive for CWD. Any hunter who harvested a CWD-positive deer was called and given the option of keeping the meat or turning it in and receiving a replacement licence. Cost savings for the CWD testing program were realized through an improved data management system and by providing access to test results online.

Alberta is closely monitoring the spread of a fungal disease in bats across North America. Bats play a vital role in limiting agricultural and forest insect pests and mosquitoes. In 2010, the province took action to protect the two largest populations of bats in Alberta by closing public access to Cadomin Cave near Hinton, and Wapiabi Cave near Nordegg.

Partnering in conservation and stewardship

In this vast province, government appreciates the many inquiries, tips and observations received because of the interest and vigilance of those enjoying the outdoors. In 2010-11, the Report a Poacher Program, operated on the ministry's behalf by the Alberta Conservation Association, received more than 8,900 calls, of which more than 1,500 related to possible violations. During that year, 240 charges were laid and rewards were paid to nearly 100 people for information that helped investigate crime.

In 2010-11, several criminal investigations were concluded successfully with convictions for illegal outfitting, hunting without a licence, unlawful possession of wildlife and illegal trafficking of wildlife across Canada and the United States. The most severe penalty went to an illegal outfitter who received eight months of jail time, 50 hours of community service, and was ordered to pay about $17,000 in restitution. Penalties for other crimes associated with wildlife included jail time, community service, restitution payments and individual fines of up to $55,000 (with total fines over $235,000), hunting licence suspensions for up to 10 years, forfeiture of vehicles and other property and court-ordered reporting of hunting activities when licence suspensions were lifted.

The ministry has also established working relationships with a number of jurisdictions, key stakeholders, advisory groups and partner organizations to support and enhance activities that contribute to its strategic objectives. One example is the Alberta Conservation Association, which carries out activities to monitor fish and wildlife populations and enhance habitat in Alberta. Another example is the Alberta Professional Outfitters Society, which administers the regulation and delivery of non-resident, big-game hunting in Alberta. The society also contributes funding to activities that benefit habitat, wildlife and wildlife management, including animal population counts.

The partnership which delivers the North American Waterfowl Management Plan includes a diverse mix of non-government agencies, as well as federal and provincial government organizations from Canada, the United States and Mexico. Being a partner in this work enables Alberta to tap into a very successful stewardship network spanning the continent that is designed to restore waterfowl populations. In 2010-11, the ministry contributed funding of $728,000 to the partnership which conducts a large-scale effort—$20 million spent annually in Alberta—to conserve wetland, benefit waterfowl, and restore waterfowl habitat in the province. Programs included direct habitat restoration as well as strong communications, policy and science components.

Water is also a concern for the agricultural community. The government partners with the non-profit Alberta Riparian Habitat Management Society, also known as Cows and Fish. The partnership works with agricultural operators to promote the conservation and management of shore lands (riparian areas) for the multiple values these biologically diverse areas provide. Early in 2011, Cows and Fish launched a short series of audio podcasts (www.cowsandfish.org) about the importance of environmental stewardship now and in the future, providing examples of stewardship in action.

The forestry and oil and gas industries participate in a number of formal and informal collaborative efforts to maintain biodiversity. Such groups as the Alberta Forest Products Association, the Canadian Association of Petroleum Producers, the Oil Sands Leadership Initiative and the Cumulative Environmental Management Association are involved in this work.

The hunting, fishing and trapping communities also provide critical insight to advance the management of hunting, fishing and trapping in Alberta. Groups representing these pursuits include the Alberta Game Management Advisory Group, the Alberta Fish and Game Association, the Alberta Professional Outfitters Society, the Hunting for Tomorrow Foundation, the Wild Sheep Foundation, the Alberta Fisheries Management Roundtable and the Alberta Trappers' Association. These groups provide important input for government decisions on fish and wildlife conservation, management and allocation according to the priorities set in the *Fish and Wildlife Policy for Alberta*, which include conservation, First Nation and Métis use, recreational use, and primary commercial uses. The government appreciates these groups for the good advice they provide and the valuable stewardship and conservation work they do.

Setting and maintaining priorities for natural resource use

Maintaining healthy aquatic ecosystems

As pressure builds to develop lakes for recreational cottages and other uses, our fragile and limited lakeshore resources are affected and so are the province's fish and wildlife resources that depend on them. In Alberta, only 3.0 per cent of the landscape is covered by water, a critical component of healthy fish and wildlife habitat. Careful management is required to protect lakes and their shores against permanent disturbance and loss. Land adjacent to streams, rivers, and wetlands also requires careful management to improve the overall productivity and health of Alberta's fish, wildlife, landscapes and communities.

In 2010-11, the ministry started updating *Alberta's Fish Conservation Strategy 2006-2010*. The new strategy, which will be in effect from 2011 to 2015, will guide planning and set priorities for fish management and conservation programs. It will include updated goals, priorities and desired outcomes for managing fish and wildlife.

With respect to conserving and enhancing fisheries, the ministry's first priority is the long-term sustainability of fish stocks, which are critical for the future of domestic, recreational and commercial fishing in Alberta. Fisheries management decisions on commercial quotas are based on sound science and reliable information on local pressures, productivity of fish populations, and sustainability of the harvest. The ministry's Fish Culture Program raises fish in hatcheries and stocks them in water bodies to provide trout fishing opportunities in target areas, offer diverse angling opportunities where appropriate and re-establish fish where populations have collapsed. In 2010-11, the ministry stocked nearly 300 Alberta water bodies with more than 2.6 million trout and almost 18.2 million walleye.

Studies from a number of watersheds have identified impacts on fish from the cumulative effects of land use and development on land near watercourses. Examples of these land uses include agriculture, urban development, shoreline development, watercourse crossings, roads, and other infrastructure. These stressors are acknowledged in the Land-use Framework that proposes some broad strategies to improve land-use decision-making in the province, so sensitive fish and wildlife habitat is conserved. In addition, several provincial programs and activities are underway or being designed that will contribute to solutions.

In 2010, a pilot project was launched to review stream crossing remediation efforts in the west-central foothills. The joint project to improve the health of watersheds, fish and fish habitat combines the efforts of Sustainable Resource Development, Environment, the federal Ministry of Fisheries and Oceans and the Foothills Research Institute. The pilot provides a means to systematically inspect industrial stream crossings and combine voluntary compliance plans with enforcement audits.

Managing invasive species

Non-native species of plants and animals, including fish, can affect Alberta's native species and economy by degrading habitat, depleting native species and damaging agricultural land and crops. People may also be affected by allergies or impacts on recreation.

A collaboration among several ministries produced a new tool—Alberta's Invasive Alien Species Risk Assessment Tool—to identify and evaluate the potential consequences of non-native species of aquatic- and land-based plants and animals in Alberta. The tool will help government, business and individuals coordinate early detection, rapid response and containment of invading species. The web-based tool evaluates the likelihood of a species establishing and spreading and its possible effects on an area. It is a key component of Alberta's Invasive Alien Species Management Framework, which is being pilot tested along with the tool until June 1, 2011.

Economic impacts of invasive species are often calculated by combining the costs of managing them (e.g., survey, control, prevention). According to *Costs and Threats of Invasive Species to Alberta's Natural Resources* (a report produced in 2004 by the Alberta Research Council) the estimated annual economic impact of invasive species in Alberta is $1 billion. The Alberta Biodiversity Monitoring Institute continues to monitor the status and trends of non-native weeds across the province.

Core Business 3 – Enhanced quality of life

Sustainable Resource Development's third core business in 2010-11 was managing Alberta's renewable natural resources to enhance citizens' quality of life. This core business focuses on the many social benefits Albertans realize when they enjoy this province's natural resources for recreation. During the year, the ministry spent $64.4 million on delivering core business three, which is 14 per cent of the ministry's operating expenses.

Major results under goal seven, which supports core business three, included maintaining and increasing participation in hunting and fishing in a tradition of stewardship; partnering with community groups to provide safe, environmentally sound recreation on public land; and providing youth with opportunities to explore careers in natural resource management. More detailed results for goal seven follow.

GOAL 7

Alberta's public lands, forests and fish and wildlife provide social benefits to Albertans

Results

Hunting and fishing for recreation and food

There are many ways to enjoy Alberta's rich diversity of animal and plant life first-hand. Hunting and fishing are healthy recreational activities that help us manage wildlife and are good for the economy. Some Albertans also rely on hunting and fishing to feed their families.

In North America, the number of hunters has been declining, but in Alberta, we have seen increases in recent years—from a low of 96,000 in 2003-04 to 115,000 in 2010-11. In addition, hunters under the age of 18 continue to see the largest growth—increasing by six per cent to 7,500 youth hunters in 2010-11. More good news is an overall increase in hunting licence sales to more than 313,000 in 2010-11, up from slightly more than 302,000 in 2009-10. This included an increase in the number of resident game bird licence sales to more than 40,000 in 2010-11, compared to fewer than 39,500 in 2009-10. Amendments to hunting regulations in 2010-11 addressed wildlife management issues and enhanced hunting opportunities for elk, white-tailed deer, antelope and migratory waterfowl.

The second and final year of the Recreational Access Management Program was conducted in southwestern Alberta during 2010-11, wrapping up a pilot program that explored the concept of providing landowners with tools to manage access to private land for recreational hunting and fishing. Benefits reported by landowners were improved control over access to their land, less time spent managing this access and improved hunter and angler behaviour.

Alberta's water bodies support a variety of fish populations that are managed through a number of regulations, including limits on the number and size of fish harvested, open and closed seasons and fishery closures. In 2010-11, new fishing opportunities were added, including some opportunities to keep, rather than release, certain fish from specific waters. For example, special walleye harvest licensing was expanded to five lakes (Amisk, Baptiste, Garner, Long and Rolling Hills) where regulations previously prohibited walleye from being caught and kept. Progress toward restoring walleye populations to sustainable levels began at Lake Wabamun and is continuing at Lac La Biche. Indicative of the cool wet spring and summer in 2010, the number of sportfishing licences purchased declined slightly to about 250,000 from 252,600 in 2009. Work was also undertaken with stakeholders to develop sportfishing regulations for 2011-12 and the 2011 *Alberta Guide to Sportfishing Regulations*.

Internet licensing

All hunting and fishing licences can be purchased online. Online licensing continues to support an increasing number of anglers and hunters, and the expansion of different licence opportunities. The ministry's numbers for online licensing continue to grow, with 20 per cent of all licences purchased online in 2010-11. Sustainable Resource Development continues to work on increasing online purchases to create savings that are reinvested into resource management. Great success has been achieved regarding special hunting licence draw applications, where 64 per cent of these applications were submitted online in 2010-11.

Mentoring the next generation in hunting, fishing and trapping

Many choose to enhance their experience of hunting, fishing and trapping by joining a community that shares an interest in the outdoors (such as local fish and game associations). Many volunteers with these community groups dedicate countless hours to sharing their passion and knowledge regarding hunting, fishing and trapping and inspiring the next generation.

It can be difficult to engage youth in outdoor pursuits when there is competition from the Internet, texting and television. Provincial Hunting Day held on September 25, 2010, fosters understanding of Alberta's hunting heritage and encouraged youth (aged 12 to 17) to participate. Safety and conservation rules are in place to guide youth hunters, and many hunting groups host events throughout the province. Alberta's Waterfowler Heritage Days also held in September, enabled youth to hunt waterfowl in southern Alberta when accompanied by a mentor and complying with special restrictions.

Starting in 2010, all first-time resident hunters were required to successfully complete the Alberta Conservation and Hunter Education Course prior to hunting. Previously, first-time hunters had the option of completing that course or challenging the Alberta Hunter Competency Exam.

Free fishing weekends held in July, to coincide with National Fishing Week, and in February, to coincide with the province's Family Day weekend, encourage Albertans and visitors to fish by providing opportunities to do so without a licence in any public water body (outside of a national park) with an open fishing season. These weekends provide an opportunity for Albertans to try fishing and develop an interest in joining the angling community. Some Alberta towns and cities also stock trout ponds to encourage first-time anglers.

Maintaining recreational opportunities on public land

All Albertans can use public land for recreation as long as they behave as good stewards of the natural resource and cooperate with people using public land for other reasons such as agriculture or industry. Ministry staff have forged many partnerships with recreational users of public land to protect the land being used and improve the outdoor experience. Work in the Ghost Waiparous region near Calgary is guided by the Ghost Stewardship Monitoring Group that represents 18 communities of interest that cover outdoor activities such as hiking, ice climbing, mountain biking, dirt-biking, and operating off-highway vehicles (OHVs). Established in 2006, the group provides advice to the ministry on implementing the access management plan in the Ghost Forest Land Use Zone, a popular area of public land west of Calgary. Group members have accepted responsibility for long-term ownership of, liability for, and maintenance of infrastructure in the region including bridges, signage and trails for hiking and use by mountain bikes, dirt bikes and OHVs. Similar partnerships are being established with people enjoying outdoor recreation in Kananaskis Country through the Kananaskis Trails Advisory Group.

In one particularly ambitious project in the Ghost region during 2010-11, recreation enthusiasts have partnered with local oil companies in the Burnt Timber Gas Plant area to add a new trail and a 24 metre engineered bridge on the Fallen Timber Creek. Sustainable Resource Development has helped with decking materials and helicopter time to transport the bridge package into the backcountry. The new bridge allows OHV users to stay off a pipeline right-of-way that presented environmental and safety hazards. This project includes a pilot project to designate random camping and keep large vehicles from crossing sour gas pipelines at unauthorized places. This project was funded by the oil companies with a budget of $150,000 and managed by the Calgary ATV riders.

Outdoor enthusiasts near Whitecourt are also developing new places to enjoy their favourite sports through partnerships. Ministry staff worked with a number of recreation groups, the Ministry of Transportation and Woodlands County to repurpose an old Transportation gravel pit west of Whitecourt, near Blue Ridge and the Athabasca River. The depleted gravel operation is being converted into a national-level motocross track, access trails, kiosks, two lakes and hiking trails. The area's management plan envisions a privately operated campground and lakes stocked with fish in the near future. Ministry staff provided expertise in land-use planning, reclamation and authorizations for public land use. As a result, local recreation clubs will have better access to public land for motocross events and fishing, and people will be able to launch their boats into the Athabasca River from a new spot.

Ministry staff have also been successful in forming a partnership to rejuvenate the Huestis Demonstration Forest as a popular public information and outreach site. The forest, located a few kilometres north of Whitecourt, provides hundreds of people each year with hiking opportunities and more than 50 interpretive stops that demonstrate how forests and public land are managed in Alberta. In addition, there are three picnic sites showcasing the forest vistas and geo-cache (recreational-GPS activity) sites along the seven-kilometre gravel road that loops through the forest. All this is possible because of collaboration among ministry staff, holders of forest management agreements, Woodlands County, oil and gas industry partners and local recreation groups. The Southern Rockies area is working with a variety of recreation organizations to coordinate trail improvement projects that leverage federal grants. The council included representatives from local outdoor recreation groups and undertook a variety of trail maintenance and sustainable trail initiatives.

In 2010-11, Sustainable Resource Development operated the Reasonable Access Program on agricultural public land, which balances the needs of leaseholders to protect land and livestock from harm with the rights of recreational users for reasonable access to public land. The ministry also jointly managed heritage rangeland with Tourism, Parks and Recreation and provided management services including range health assessments to sustain this important landscape. A variety of options for managing recreation trails on public land were also considered during 2010-11. Work will continue in 2011-12 to determine the most appropriate approach to managing trails on public land in the province.

Developing a provincial recreational strategy and contributing to tourism

In 2010-11, Sustainable Resource Development continued to develop the Recreation Management Strategy for public land, now referred to as the Recreation and Tourism Management Strategy, in cooperation with the ministry of Tourism, Parks and Recreation. The policies and priorities that will provide the strategy's foundation are being finalized. Once completed in 2011-12, public land will benefit because the strategy will:

- promote and enable a variety of sustainable recreation and tourism opportunities
- enhance these activities' contribution to Alberta's economy
- reduce negative impacts to land and natural resources
- reduce conflicts and increase co-operation among land users, which will improve public safety outdoors

The government is also continuing to work with Albertans on proposed legislation to guide the management of Alberta's parks system, which is aligned with the province's Plan for Parks. Sustainable Resource Development is working with Tourism, Parks and Recreation on tourism strategies as they relate to public land.

Informing and Engaging the Public

Bow Habitat Station

In 2010-11, the ministry's Bow Habitat Station in Calgary expanded its opportunities for the public and special interests groups, and inspired visitors to become stewardship champions for Alberta's renewable natural resources. During this period, approximately 7,000 people visited the facility, including some from as far away as Newfoundland, Hawaii and Japan.

The station, which opened in October 2009, fosters awareness of Alberta's fish, water, biodiversity and aquatic ecosystems. It includes the visitor centre, the Sam Livingston Fish Hatchery, the Pearce Estate Park Interpretive Wetland and a fishing pond for youth that is under construction. The Kids Can Katch Fish Pond will provide young people with a chance to get involved in fishing in a supportive setting. The pond and its programs will be an important initiative in educating youth to make informed and responsible environmental choices, while encouraging them to get outside and be active.

Throughout 2010-11, the Bow Habitat Station celebrated various special events to increase public awareness about Alberta's renewable natural resources and foster commitment to their stewardship. The largest event was held on April 17, 2010, with more than 1,300 visitors, 20 sponsors and 110 volunteers. During 2010-11, the station also piloted various initiatives including summer camps and school programs. The station now offers education for all elementary grades focused on Alberta Education's science curriculum and how it relates to managing Alberta's renewable natural resources.

The Bow Habitat Station continued to work with youth organizations, as well as home and virtual schools, providing tours and specialized activities during 2010-11. In addition, the station delivered the Fish in Schools: Raise to Release Program, which provided students in 20 schools across Alberta with the experience of raising fish in their classrooms. Participants gained a better understanding of fish and the importance of healthy aquatic environments.

Making connections with Albertans

The ministry provided opportunities to learn more about Alberta's public lands, forests, fish and wildlife online or in print from its main information centre and from district offices throughout the province. Responding to an Internet-savvy audience, the ministry enhanced its web presence and the information it offers. Internet technology gives the general public and key industry clients access to information and the ability to conduct business with the ministry online, 24 hours a day, seven days a week.

Sustainable Resource Development manages and maintains seven websites:

- **SRD.Alberta.ca** is the main ministry website and is a key source of information for both the general public and industry clients. It provides access to a variety of online services related to forestry, lands, fish and wildlife (almost 1.5 million visits in 2010-11)
- **MyWildAlberta.com** provides information for the fishing, hunting and trapping community and promotes a community culture of like-minded enthusiasts. Working with key stakeholders, the MyWildAlberta website links to programs and initiatives of stakeholder organizations, as well as Alberta's online licensing system (almost 375,000 visits in 2010-11)
- **Albertarelm.com** is the province's online licensing system for convenient purchase of fishing and hunting licences. The government conducts the annual Game Harvest Survey online and, in 2010-11, hunters were encouraged to update their online profile on the licensing website to participate (more than 200,000 visits)
- **Mpb.alberta.ca** is a website about mountain pine beetle in Alberta offering tools, resources and information for school children, the public and media, including the Mountain Pine Beetle Blogspot that is updated regularly to give the latest beetle news from western Canada and the United States (more than 55,000 visits in 2010-11)
- **Albertafirebans.ca** is a single portal to information on all active fire bans throughout the province. The ministry works with fire chiefs and municipal administrators to post fire bans and prevention notices on the site, so that the most current and reliable information is available to the public (more than 177,000 visits in 2010-11)
- **Landuse.alberta.ca** is the Land-use Framework website offering regular updates on framework implementation and regional land-use planning (almost 106,000 visits in 2010-11)
- **Geodiscoveralberta.ca**, launched January 31, 2011, provides the public with one-window access to geospatial information about Alberta's land base (more than 17,000 visits from January 31 to March 31, 2011)

In 2010-11, there were almost 2.5 million visits to these websites, which works out to an average of almost 7,000 visits to ministry websites on a daily basis.

The ministry puts considerable effort into providing the public with information to make outdoor experiences safer. Since 2009, Sustainable Resource Development has produced and distributed over 70,000 BearSmart educational brochures and checklists. In 2010, a provincial BearSmart manual and new educational products for industrial workers were completed. To complement written material, staff, community members and volunteers gave about 300 presentations, attended 45 tradeshows and visited 1,250 landowners. A YouTube video about the proper use of bear spray and how to set up a BearSmart camp were also posted on srd.alberta.ca. The *Proper Use of Bear Spray* video has proven to be one of the Alberta government's most watched videos in 2010, with more than 10,000 views.

Television was also used to educate Albertans about wildfire arson. During 2010-11, Sustainable Resource Development partnered with Global Television and Crime Stoppers to develop two arson re-enactments in an effort to identify responsible parties and deter irresponsible behaviour around wildfire.

Ministry outreach activities in the summer of 2010 gave work experience to 65 youth between the ages of 16 and 18 through the province's Junior Forest Ranger and Aboriginal Junior Forest Ranger programs. A total of nine crews, located throughout the province, completed seven weeks of field work related to managing renewable natural resources. Biomapping with the Helen Schuler Nature Centre and restoration of the Mountain Park Cemetery are just two examples of the nearly 80 work projects completed in 2010. The camp-based crews were located in Grande Prairie, Hinton and Whitecourt. Aboriginal community crews were partnered with the Blood Tribe, Fort Vermilion Métis, Piikani First Nation, Wesley First Nation, and Whitefish First Nation.

Core Business 4 – Land-use Framework

Sustainable Resource Development's fourth core business in 2010-11 was responsible for overseeing the Land Use Secretariat, the agency responsible for developing regional plans to provide a blueprint for land-use management and decision-making. During the year, the ministry spent $13.0 million on delivering core business four, which is three per cent of the ministry's operating expenses.

Major results under goal eight, which supports core business four, included significant progress on both the Lower Athabasca Regional Plan for northeastern Alberta (including the oil sands region) and the South Saskatchewan Regional Plan for southern Alberta (including Calgary). More detailed results for goal eight follow.

GOAL 8

Land-use planning in Alberta is coordinated to enhance quality of life by achieving Alberta's economic, environmental and social goals

Results:

Developing regional plans

The Land Use Secretariat continued its work on the first two regional plans: the Lower Athabasca and the South Saskatchewan. The Lower Athabasca Regional Advisory Council concluded its work in spring 2010, after submitting its advice to government. Consultations in the fall of 2010 to ask for feedback on the regional advisory council's advice informed the development of the draft regional plan on topics such as economic growth, land conservation, air and water thresholds, and human development needs. These consultations included 12 public sessions between September 8 and 29 in northeastern Alberta cities and towns including Cold Lake and Fort McMurray, as well as sessions in Calgary and Edmonton. The final regional plan will undergo public consultation in late spring of 2011, and is expected to be completed during the same year.

The South Saskatchewan Regional Advisory Council held its last meeting in November 2010 and provided its advice to government. The second phase of consultations to ask for feedback on the regional advisory council's advice will occur in 2011.

Pre-planning work continues for the North Saskatchewan Regional Plan that includes the city of Edmonton.

Clarifying legislation

In response to landowner concerns about Albertans' property rights, government reviewed the *Alberta Land Stewardship Act* and introduced amendments to clarify its intent on March 1, 2011. Bill 10, the *Alberta Land Stewardship Amendment Act*, clarifies that the Act will not affect property rights or take away existing rights to compensation, and will follow due process for compensation. Bill 10 creates a review process for those who believe they are directly and adversely affected by a regional plan. It also makes public consultation a legal planning requirement and ensures that draft regional plans are tabled with the Legislature before being approved. Other changes clarify the purpose and scope of regional plans developed under the Act. The amendments also clarify that land titles and freehold mineral titles cannot be cancelled through the legislation.

The government's intent is to coordinate, not prescribe, land-use decisions of municipal governments and other decision-makers. The *Alberta Land Stewardship Act* upholds the processes and compensation rules that already exist, including all rights to appeal, along with requirements for due process and compensation under the *Municipal Government Act*, the *Forests Act*, the *Surface Rights Act*, and other legislation.

Developing strategies under the Land-use Framework

The success of the Land-use Framework is founded on regional plans and a number of strategies that give the framework support. Progress on the conservation and stewardship strategy continues with changes to the conservation easement regulations with respect to notifying the

Alberta government when these easements are placed on lands. In addition, the tradable development credit regulation continues to make progress through meetings with municipalities to discuss proposed policy direction. Tradable development credits are a tool for municipalities to help direct development away from specific areas to other areas which are more suitable. Such credits allow owners of developed and undeveloped land to share the financial benefits of developed land. Likewise, the strategy on efficient use of land continues to move forward with the research and jurisdictional review phase of the project being finalized. Stakeholder consultation on the draft provincial principles, tools and approaches will begin in 2011.

Establishing an information, monitoring and knowledge system

Information management is critical for planning and reporting under the Land-use Framework. On January 31, 2011, GeoDiscover Alberta's public Internet portal was launched, providing one-window access to government's geospatial information on land use in Alberta. This marks a new era of geographic information-sharing between government and the public, making it easier for people to find up-to-date government maps and geographic information about the province of Alberta, including rivers, roads, highways, land use and subdivisions.

This first version of the Internet portal contains a comprehensive catalogue outlining information about more than 150 data sets and services, along with an online information centre including program documents and training materials. Current data providers include the ministries of Energy, Environment and Sustainable Resource Development, as well as the Land Use Secretariat, the Energy Resources Conservation Board, the Alberta Geological Survey and AltaLIS Ltd. GeoDiscover Alberta will continue to add data and services, and expand partnerships to include other Alberta government ministries, municipalities, non-government organizations and industry.

Sustainable Resource Development partnered with other agencies, organizations and the private sector to guide and support the Foothills Research Institute, which initiated a knowledge network to help create and share knowledge among researchers, practitioners, institutions and programs for continued improvement of land-management decisions and practices. The network allows Alberta to continually improve its understanding of how activities affect the land, while also promoting new approaches to land use. By supporting world-class research and innovation, the network will help the province realize more environmental, economic and social benefits from public land use.

Core Business 5 – Decisions of the Natural Resources Conservation Board, Surface Rights Board and Land Compensation Board

Sustainable Resource Development's fifth core business in 2010-11 was overseeing the Natural Resources Conservation Board (NRCB), Surface Rights Board and Land Compensation Board (SRB/LCB) in fairly and independently adjudicating disputes related to land use and compensation. During the year, the ministry spent $9.1 million on delivering core business five, which is two per cent of the ministry's operating expenses.

Major results under goals nine and 10, which support core business five, included the NRCB introducing risk-based priorities for directing its work and the SRB/LCB becoming more efficient in addressing its ever-increasing workload. More detailed results for goals nine and 10 follow.

GOAL 9

Natural Resources Conservation Board reviews and hearings result in balanced decisions and are conducted in a manner that is timely, effective, fair and transparent

Results

Upholding the public interest

The Natural Resources Conservation Board (NRCB) reviews applications for non-energy mining, forestry, water management and recreation projects to ensure they are in Albertans' overall public interest. The board is also an appeal panel for decisions affecting confined feeding operations made by NRCB approval officers and inspectors under the *Agricultural Operation Practices Act* to ensure the legislation and the interests of Albertans are upheld.

On June 28, 2010, the NRCB issued its decision on the application of Hammerstone Corporation to develop a limestone mine and processing facility north of Fort McMurray, adjacent to the existing Muskeg Valley Quarry. The board determined that there is a need to produce aggregate, reagent limestone, quicklime and cement in the oil sands region, and that the project is in the public interest. The approval is subject to conditions set out in the decision report, including requirements for regular updates and assessments. The order in council authorizing project approval was issued July 14, 2010.

Focusing on risk

In 2010, the NRCB introduced a new, proactive, risk-based compliance program for regulating Alberta's confined feeding operations under the *Agricultural Operation Practices Act* (AOPA). Alberta has close to 2,000 confined feeding operations and many were issued permits to operate before 2002, when the NRCB became responsible for regulating them. The new compliance program uses data on location, type and age of facilities to identify manure storage facilities that potentially could pose a risk to groundwater quality. NRCB inspectors are currently assessing 172 such confined feeding operations to address any groundwater risks these facilities may present. The program is part of the NRCB's updated compliance and enforcement policy, which emphasizes operator education and voluntary compliance, with an escalating series of enforcement actions available to NRCB inspectors if necessary.

Environmental risk screening

To support the board's new risk-based compliance program, the NRCB designed and implemented an environmental risk-screening tool in collaboration with industry experts and the ministries of Environment and Agriculture and Rural Development. Other regulators at both the provincial and federal level are currently reviewing Alberta's risk-screening tool for potential use in their own regulatory programs.

Leak detection

A leak detection project to verify the risk to groundwater from confined feeding operations with groundwater monitoring requirements in their permits was concluded on November 30, 2010. Begun in 2008, this project was undertaken to ensure that monitoring requirements were appropriate for the actual level of risk at each site. Site evaluations determined that close to 80 per cent of the sites posed low risk for groundwater contamination. Only four per cent of the sites ranked as high risk. The project has helped the NRCB focus its resources more effectively on high-risk sites. As an added benefit, monitoring requirements have been suspended for operators of facilities ranked as low risk, resulting in significant cost savings. The board is currently working with operators and consulting with municipalities to amend permit requirements and improve ongoing permit management.

Improving information technology

In 2010-11, the NRCB improved its database of confined feeding operations to better coordinate approval, compliance and enforcement activities under AOPA.

Consulting with stakeholders

The NRCB consults closely on policy initiatives and programs with its multi-stakeholder advisory body, the Policy Advisory Group. Made up of representatives from municipalities, environmental non-government organizations, and the livestock industry, and including members from Environment, Agriculture and Rural Development and the NRCB board, the Policy Advisory Group is co-chaired by the NRCB and Agriculture and Rural Development. In 2010-11, the Policy Advisory Group was consulted and provided advice on the new risk-based compliance program and the updated compliance and enforcement policy. Members encouraged the NRCB to continue to build consistency for permit requirements across the province.

On September 27, 2010, the NRCB held an accountability session on its delivery of AOPA, in conjunction with a meeting of the Policy Advisory Group. The session was attended by the ministers of Sustainable Resource Development, and Agriculture and Rural Development and co-chaired by the deputy ministers of both ministries. Participants noted their appreciation for the open dialogue and collaboration between stakeholders that has been achieved through the Policy Advisory Group. They also indicated their support for the policies and programs that have been achieved by the NRCB in consultation with members of the group. Members specifically noted their support for the NRCB's focus on science in its programs and policies, and the confidence that this focus provides for both stakeholders and confined feeding operators affected by board regulatory practices.

Supporting government priority initiatives

The NRCB continued to share its regulatory expertise practices through participation on the Land-use Framework Steering Committee and associated strategy development teams (such as the Cumulative Effects Management System Implementation Team, the South Saskatchewan Regional Plan Work Group and the Regional Planning Information Coordination Committee). The NRCB also continued to help implement Alberta's Water for Life strategy as a member of the Cross-ministry Steering Committee, and participated as a panel member in the Alberta Utilities Commission's review of Alberta's hydroelectric development regulatory processes.

GOAL 10

The Surface Rights Board and Land Compensation Board provide accessible processes that result in timely and fair compensation decisions when private land is expropriated or third-party access is granted

Results

Accessing natural resources and compensating Albertans in the public interest

The Surface Rights Board (SRB) resolves disputes between industry and landowners or occupants when they fail to agree on right-of-entry or compensation related to resource activity on private land. In the 2010 calendar year, the SRB received the highest number of applications in its history (nearly 1,250 compared to 1,045 in 2009) and held the highest number of proceedings to resolve those applications (about 760 compared to 580 in 2009)—on matters such as right-of-entry, compensation, damage and rent recovery. During 2010, the SRB issued about 1,100 orders, notices of decision or decisions.

The SRB also issued more than 1,000 orders to rescind, amend and various existing board orders in 2010, some that have been on the books since the 1940s. As the number of existing board orders increases, so does the number of applications from landowners and operators to update them. These amendments are necessary to properly reflect new landowners and operators or make changes to the terms and conditions of existing orders that result from agreements between parties.

The Land Compensation Board (LCB) establishes compensation when private land is expropriated by a public authority for projects in the public interest. In the 2010 calendar year, applications to the LCB more than doubled to 54, up from 23 in 2009, creating the busiest year in the history of the LCB. The 2010 applications included 44 to determine compensation and 10 related to procedure and cost. In 2010, the LCB scheduled 55 proceedings (pre-hearing dispute resolution conferences, mediations, and hearings), up from 18 in 2009, once again setting a record.

Both boards' ability to handle the ever-increasing volume of applications effectively has been enhanced by their focus on case management. Board officers apply their strong background and experience in surface rights and land compensation to efficiently and effectively process applications from intake to resolution.

Continuing success with alternative dispute resolution methods

The dispute resolution program for both boards implemented in October 2009 continued successfully in 2010, its first year of full operation. To plan for the effective resolution of applications before the boards, all matters are scheduled for pre-hearing dispute resolution conferences as the first step toward resolution. Parties may also request a confidential mediation with a board member. In the 2010 calendar year, slightly more than 480 pre-hearing dispute resolution conferences were held. The program remains highly effective and is well received by stakeholders.

Improving public education and board operations

The SRB continues to improve its website and its program of public education. In 2010-11, it published enhanced instructions and updated forms for applications for damage, right-of-entry and amendment of existing board orders. Presentations on board process were made as requested to associations for both landowners and operators. The board also published a new guideline interpreting notice under section 27(4) and 27(14) of the *Surface Rights Act.* The guideline provides the SRB's approach when determining the notice operators should give leaseholders or respondents regarding compensation reviews of surface leases and board orders.

In the fall of 2010, the SRB/LCB office was successfully relocated from downtown Edmonton to its new home in south Edmonton. The new office is ideally situated to provide excellent access and parking for stakeholders and clients. In addition to a modern hearing room, the new board office now includes mediation rooms to accommodate dispute resolution, making the new setting much more functional for board operations.

Ministry Key Statistics 2010-11

Forestry	
Wildfires from April 1 to October 31, 2010 (fire season)	1,811
Area burned by wildfires	83,605 hectares
Area with prescribed burns	more than 1,600 hectares
Amount committed to forest health management (includes mountain pine beetle and spruce budworm)	27.9 million
Number of trees controlled for mountain pine beetle	168,608
Reforestation information for May 1, 2009 to April 30, 2010	
Total area reforested	96.3%
Area reforested by planting seedlings	50,715 hectares
Number of seedlings planted	71,616,816 hectares
Number of Pine	36,378,090
Number of Spruce	35,137,761
Number of Other*	100,965
Area left for nature to reforest	12,020 hectares
Area replanted with seeds	1,080 hectares

*Other means true firs, Douglas fir, tamarack, larch, white birch, balsam poplar and trembling aspen

Lands

	Number	Hectares
Active dispositions	250,172	3,286,765
Applications received	8,872	72,086
Approvals	7,743	164,874
Renewals	3,681	116,138
Cancellations	3,222	61,823
Public land sales	26	1,342
Amount received for sales	$7.76 (million)	-

2010 Recreation Enforcement Statistics

Enforcement Actions	1,783
People contacted	73,920
Written Warnings	1,058
Violation tickets issued	690

Fish and Wildlife

Sportfishing licences sold (# of anglers)	251,602
Wildlife certificates (# of hunters)	107,541
Youth certificates (# of hunters 12-17)	7,485
Hunting licences sold	313,218
Visits to My Wild Alberta website	374,936
Trout stocking	2,634,500
Walleye stocking	18,190,000
Enforcement – Checks	70,580
Enforcement – Complaints	3,960
Problem wildlife incidents	11,796

Natural Resources Compensation Board

AOPA applications received	
Approvals	64
Registrations	15
Authorizations	51
Leak Detection Program Amendments	71
AOPA permits issued	
Approvals	45
Registrations	6
Authorizations	40
Leak Detection Program Amendments	66
Enforcement orders issued	3
Requests for board review of approval officer decisions under AOPA	4
Board reviews completed	1

Surface Rights Board (for 2010 calendar year)	
Total applications received	1,242
Right-of-Entry	369
Compensation reviews	354
Damage disputes	36
Recovery of rental	364
Board reviews	40
Terminations	79
Applications resolved	882
Land Compensation Board	
Applications for determination of compensation	44
Notices of motion	8
Other (costs)	2
Total	54
LCB hearings, dispute resolution conferences and mediations	
Hearings	17
Dispute resolution conferences	37
Mediations	1
Total	55

Expense by Function

Ministry of Sustainable Resource Development for the Year Ended March 31, 2011 (in millions)

	2010-11		2009-10
	Budget	**Actual**	**Actual**
Agriculture, Resource Management, and Economic Development	$ 200.2	$ 231.5	$ 246.1
Protection of Persons and Property	92.3	204.2	232.6
Environment	21.7	15.8	14.0
Total	$ 314.2	$ 451.5	$ 492.7

The Ministry's expenses by government function are outlined above. Although 63.7 per cent of the budget was allocated in the Agriculture, Resource Management and Economic Development function, the fire season caused 45.2 per cent of actual gross expenses to be incurred in the Protection of Persons and Property function.

Independent Auditor's Report

AUDITOR
GENERAL
Alberta

To the Members of the Legislative Assembly

Report on the Consolidated Financial Statements

I have audited the accompanying consolidated financial statements of the Ministry of Sustainable Resource Development, which comprise the consolidated statement of financial position as at March 31, 2011 and the consolidated statements of operations, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Ministry of Sustainable Resource Development as at March 31, 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher, CA]

Auditor General

June 10, 2011

Edmonton, Alberta

MINISTRY OF SUSTAINABLE RESOURCE DEVELOPMENT

CONSOLIDATED STATEMENT OF OPERATIONS

Year ended March 31, 2011

	2011		2010
	Budget	Actual	Actual (Note 12)
		(in thousands)	
Revenues (Note 2b)			
Transfers from Government of Canada	$ 29,447	$ 45,726	$ 50,504
Investment Income	1,534	913	974
Premiums, Fees and Licences	106,548	114,187	100,705
Other Revenue	3,745	19,933	16,165
	141,274	180,759	168,348
Expenses – Directly Incurred (Note 2b and Schedule 3)			
Voted			
Forestry	151,002	276,714	311,838
Land Use Secretariat	13,200	12,982	14,921
Lands	47,411	63,818	64,762
Fish and Wildlife	50,140	57,136	58,343
Quasi-judicial Land Use and Compensation Decisions	9,088	9,056	9,849
Ministry Support Services	33,657	31,611	31,416
Environment Statutory Programs	2,274	724	901
	306,772	452,041	492,030
Statutory			
Valuation Adjustments			
Provision for (Recovery of) Doubtful Accounts	655	158	(144)
Provision for (Decrease in) Vacation Pay	400	(658)	811
	1,055	(500)	667
	307,827	451,541	492,697
Gain (Loss) on Disposal/Writedown of Tangible Capital Assets and Nominal Sum Disposals	-	13,436	10,707
Gain (Loss) on Sale of Land in Enhanced Land Stewardship	5,000	-	16,159
Dedicated Revenue received from the Government of Canada for purchase of Tangible Capital Assets for Provincial Grazing Reserves	3,025	3,025	2,200
	8,025	16,461	29,066
Net Operating Results	$ (158,528)	$ (254,321)	$ (295,283)

The accompanying notes and schedules are part of these financial statements.

MINISTRY OF SUSTAINABLE RESOURCE DEVELOPMENT

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at March 31, 2011

	2011	2010 (Note 3)
	(in thousands)	
Assets		
Cash and Cash Equivalents (Note 4)	$ 184,414	$ 160,272
Accounts Receivable (Note 5)	52,812	45,569
Inventories	3,917	3,876
Tangible Capital Assets (Note 3 and 6)	289,744	281,210
	$ 530,887	$ 490,927
Liabilities		
Accounts Payable and Accrued Liabilities	$ 60,261	$ 66,150
Unearned Revenue	46,969	37,826
	107,230	103,976
Net Assets		
Net Assets at Beginning of Year (Note 3)	386,951	356,755
Change in Accounting Policy (Note 2c)	-	24,946
Net Operating Results	(254,321)	(295,283)
Net Financing Provided from General Revenues	291,027	300,533
Net Assets at End of Year (Note 3)	423,657	386,951
	$ 530,887	$ 490,927

Contractual obligations and contingent liabilities (Notes 7 and 8)

The accompanying notes and schedules are part of these financial statements.

MINISTRY OF SUSTAINABLE RESOURCE DEVELOPMENT

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended March 31, 2011

	2011	2010
	(in thousands)	
Operating Transactions		
Net Operating Results	$ (254,321)	$ (295,283)
Non-cash items included in Net Operating Results		
Amortization	8,469	8,377
Gain on Disposal of Tangible Capital Assets	(13,436)	(10,707)
Gain on Disposal of Land in Enhanced Land Stewardship	-	(16,159)
Nominal Sum Disposals	13,449	9,502
Valuation Adjustments	(500)	667
	(246,339)	(303,603)
(Increase) Decrease in Accounts Receivable	(7,401)	(27,688)
(Increase) Decrease in Inventories	(41)	355
(Decrease) Increase in Accounts Payable and Accrued Liabilities	(5,231)	3,785
Increase (Decrease) in Unearned Revenue	9,143	3,495
Change in Accounting Policy (Note 2c)	-	24,946
Cash Applied to by Operating Transactions	(249,869)	(298,710)
Capital Transactions		
Acquisition of Tangible Capital Assets	(16,282)	(27,897)
Proceeds on Disposal/Sale of Tangible Capital Assets	1	17,466
Transfer of Tangible Capital Assets (to) from Other Government Entities	(735)	6,868
Cash (Applied to) Provided by Capital Transactions	(17,016)	(3,563)
Financing Transactions		
Net Financing Provided from General Revenues	291,027	300,533
Cash Provided by Financing Transactions	291,027	300,533
Increase (Decrease) in Cash and Cash Equivalents	24,142	(1,740)
Cash and Cash Equivalents at Beginning of Year	160,272	162,012
Cash and Cash Equivalents at End of Year	$ 184,414	$ 160,272

The accompanying notes and schedules are part of these financial statements.

NOTE 1 AUTHORITY AND PURPOSE

The Ministry of Sustainable Resource Development (the Ministry) operates under the authority of the *Government Organization Act*, Chapter G-10, Revised Statutes of Alberta 2000. The Ministry also operates under the authority of the following acts:

Organization	**Authority**
The Department of Sustainable Resource Development	*Boundary Surveys Act* *Wildlife Act* *Fisheries (Alberta) Act* *Forests Act* *Forest and Prairie Protection Act* *Forest Reserves Act* *Mines and Minerals Act* *Public Lands Act* *Surveys Act*
Environmental Protection and Enhancement Fund	*Environmental Protection and Enhancement Act*
Land Stewardship Fund	*Public Lands Act*
Natural Resources Conservation Board	*Natural Resources Conservation Board Act*
Surface Rights Board	*Surface Rights Act*
Land Compensation Board	*Expropriation Act*

The goals of the Ministry's core businesses are:

Forestry - The Ministry provides leadership and guidance to ensure the multiple benefits received from the province's forests are realized by using the best possible forest management, wildfire management and forest industry practices.

Land Use Secretariat – The Land Use Secretariat facilitates the development of regional plans that provide a blueprint for land-use management and decision-making that addresses Alberta's growth pressures. Alberta's Land-use Framework provides clear direction for managing land, air, water and biodiversity, and is based on economic, environmental and social outcomes that guide planning, decision-making and management of land and natural resources in regions.

Lands – The Ministry manages the demands of multiple stakeholders using Alberta's public land by integrating planning and management best practices to sustain the benefits Albertans receive from their natural resources and public lands.

Fish and Wildlife – The Ministry manages fish and wildlife species based on the best available science and integrated decision-making processes. The sound stewardship of fish and wildlife resources facilitates consumptive (fishing and hunting) and non-consumptive recreation opportunities compatible with healthy, diverse fish and wildlife populations.

Quasi-judicial Land use and Compensation Decisions – Reporting to the Minister of Sustainable Resource Development, the Ministry's three quasi-judicial boards make their decisions independently, in accordance with their own governing legislation. The **Natural Resources Conservation Board** conducts independent public reviews of projects that may affect natural resources of Alberta and also regulates new or expanding confined feeding operations. The **Surface Rights Board** conducts hearings when operators and landowners or occupants fail to agree on entry or compensation related to resource activity on privately owned lands or occupied public lands. The **Land Compensation Board** establishes compensation when private land is expropriated by a public authority for projects in the public interest.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements are prepared in accordance with Canadian public sector accounting standards.

(a) Reporting Entity

The reporting entity is the Ministry of Sustainable Resource Development, for which the Minister of Sustainable Resource Development is accountable. The Ministry Annual Report provides a more comprehensive accounting of the financial position and results of the Ministry's operations for which the Minister is accountable.

These financial statements include activities of the Department of Sustainable Resource Development, the Environmental Protection and Enhancement Fund, the Natural Resources Conservation Board and the Land Stewardship Fund. The financial statements of the Department of Sustainable Resource Development include the activities of the Surface Rights and the Land Compensation Boards.

All ministries of the Government of Alberta operate within the General Revenue Fund (the Fund). The Fund is administered by the Minister of Finance and Enterprise. All cash receipts of ministries are deposited into the Fund and all cash disbursements made by ministries are paid from the Fund. Net Financing Provided from (for) General Revenues is the difference between all cash receipts and all cash disbursements made.

(b) Basis of Financial Reporting

Revenues

All revenues are reported on an accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recorded as unearned revenue.

Internal Government Transfers

Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive goods or services directly in return. Internal government transfers are recognized as revenue when received.

Transfers from Government of Canada

Transfers from Government of Canada are recognized as revenue when authorized by federal legislation or federal/provincial agreements, eligibility criteria if any are met and a reasonable estimate of the amounts can be made.

Credit or Recovery

Credit or Recovery initiatives provide a basis for authorizing spending. Credits or Recoveries are shown in the details of the Government Estimates for a supply vote. If budgeted revenues are not fully realized, spending is reduced by an equivalent amount. If actual credit or recovery amounts exceed budget, the Department may, with the approval of the Treasury Board Committee, use the excess to fund additional expenses of the program.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (cont'd)

Expenses

Directly Incurred

Directly incurred expenses are those costs the Ministry has primary responsibility and accountability for, as reflected in the Government's budget documents.

In addition to program operating expenses such as salaries, supplies, etc., directly incurred expenses also include:

- amortization of tangible capital assets.
- pension costs, which are the cost of the employer contributions for current services of employees during the year.
- valuation adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay, guarantees and indemnities.

Incurred by Others

Services contributed by other entities in support of the Ministry operations are not recognized and are disclosed in Schedule 2 and allocated to programs in Schedule 3.

Assets

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations. Financial assets of the Ministry are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals, as well as inventories held for resale.

Assets acquired by right are not included. Tangible capital assets of the Ministry are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems development is $250,000 and the threshold for major systems enhancements is $100,000. The threshold for all other tangible capital assets is $5,000. All land is capitalized.

Donated tangible capital assets are recorded at fair value at the time of contribution. Amortization is only charged if the asset is in use.

When physical assets (tangible capital assets and inventories) are gifted or sold for a nominal sum, the fair values for these physical assets less any nominal proceeds are recorded as grants in kind.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (cont'd)

Liabilities

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of the fiscal year. The settlement of liabilities will result in sacrifice of economic benefits in the future.

Environmental liabilities arise from the obligation to remediate contaminated sites. When the Ministry has incurred such liabilities, a liability is accrued based on management's best estimates. Where an environmental liability cannot be estimated, the nature of the liability and its potential effect on the Ministry's financial statements is disclosed. For fiscal year ended March 31, 2011, the Ministry has no environmental liabilities.

Net Assets/Net Liabilities

Net assets/net liabilities represent the difference between the carrying value of assets held by the Ministry and its liabilities.

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair value of cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities are estimated to approximate their carrying value because of the short-term nature of these instruments.

Measurement Uncertainty

Measurement uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount. Some revenues are predicated on self-assessment where clients are expected to understand the terms of their lease or permit and comply with them. This could impact the completeness of the revenues from royalties and disturbance fees on large dispositions when clients fail to comply with the lease, permit, or disposition requirements. The Ministry is in the process of enhancing systems and methods to validate amounts reported and ensure completeness of revenues. Regardless of system enhancements procedures cannot identify all sources of unreported income from self assessed revenues. The Ministry does not estimate the amount of unreported royalties or disposition fees.

(c) Change in Accounting Policy

The Department changed its accounting policy for revenue reporting from a cash basis to a full accrual basis for the year ended March 31, 2010.

NOTE 3 RESTATEMENT

(in thousands)

The prior year statement of financial position included tangible capital assets pertaining to parcels of land amounting to $3,959 that were sold in the previous years but were still in the records as of March 31, 2010. Management has restated the tangible capital assets account to reflect the various sales that occurred prior to April 1, 2009. The following table illustrates the effect of this restatement.

	As Previously Reported March 31, 2010	Adjustment	As Restated March 31, 2011
Tangible Capital Assets	$ 285,169	$ (3,959)	$ 281,210
Net Assets at Beginning of Year	$ 360,714	$ (3,959)	$ 356,755

NOTE 4 CASH AND CASH EQUIVALENTS

(in thousands)

The Consolidated Cash Investment Trust Fund (Fund) is managed with the objective of providing competitive interest income to depositors while maintaining appropriate security and liquidity of depositors' capital. The portfolio is comprised of high-quality short-term and mid-term fixed-income securities with a maximum term-to-maturity of three years. As at March 31, 2011, securities held by the Fund have a time-weighted return of 1.1% per annum (2010: 1.0% per annum).

	2011	2010
CCITF Cash	$ 175,404	$ 149,898
Cash in Transit	914	2,110
Other Cash	8,096	8,264
	$ 184,414	$ 160,272

NOTE 5 ACCOUNTS RECEIVABLE

(in thousands)

	2011			2010
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Accounts receivable	$ 54,359	$ (1,655)	$ 52,704	$ 45,569
Refunds from suppliers	108	-	108	-
	$ 54,467	$ (1,655)	$ 52,812	$ 45,569

Accounts receivable are unsecured and interest bearing at various rates.

NOTE 6 TANGIBLE CAPITAL ASSETS

(in thousands)

	Land[1]	Buildings	Equipment[2]	Computer Hardware and Software	Other[3]	2011 Total	2010 Total (Note 3)
Estimated Useful Life	Indefinite	40 years	3 – 15 years	5 – 10 years	5 – 40 years		
Historical Costs[*]							
Beginning of year	$ 127,811	$ 48,770	$ 74,583	$ 26,395	$ 126,106	$ 403,665	$ 383,077
Additions	4,175	3,930	923	3,550	4,439	17,017	27,897
Disposals, including write-downs	(1)	(44)	(49)	(694)	-	(788)	(7,309)
	$ 131,985	$ 52,656	$ 75,457	$ 29,251	$ 130,545	$ 419,894	$ 403,665
Accumulated Amortization							
Beginning of year	$ -	17,256	21,880	15,436	67,883	122,455	114,418
Amortization expense	-	1,004	3,708	1,441	2,316	8,469	8,377
Effect of disposals	-	(30)	(48)	(696)	-	(774)	(340)
	-	18,230	25,540	16,181	70,199	130,150	122,455
Net Book Value at March 31, 2011	$ 131,985	$ 34,426	$ 49,917	$ 13,070	$ 60,346	**$ 289,744**	
Net Book Value at March 31, 2010	$ 127,811	$ 31,514	$ 52,703	$ 10,959	$ 58,223		$ 281,210

(1) Land includes land acquired for building sites, infrastructure and other program use.

(2) Equipment includes office, laboratory, heavy mobile and forest protection equipment, vehicles and furniture.

(3) Other consists of land improvements; aircraft and aircraft engines; and highways and roads (consists of original pavement, roadbed, drainage works and traffic control devices).

**Historical costs include work-in-progress at March 31, 2011 totalling $13,894 comprised of: equipment $784 (2010 - $3,334); computer hardware and software $1,622 (2010 - $2,118); and other $11,488 (2010 - $7,890).*

NOTE 7 CONTRACTUAL OBLIGATIONS

(in thousands)

Contractual obligations are obligations of the Ministry to others that will become liabilities in the future when the terms of those contracts or agreements are met.

	2011	2010
Service contracts	$ 204,453	$ 97,651
Long-term leases	103	293
Grants	700	1,050
	$ 205,256	$ 98,994

Estimated payment requirements for each of the next five years and thereafter are as follows:

	Service Contract	Long-Term Leases	Grants	Total
2011-12	$ 38,958	$ 86	$ 350	$ 39,394
2012-13	33,383	15	350	33,748
2013-14	31,165	2	-	31,167
2014-15	24,728	-	-	24,728
2015-16	16,214	-	-	16,214
Thereafter	60,005	-	-	60,005
	$ 204,453	$ 103	$ 700	$ 205,256

NOTE 8 CONTINGENT ASSETS AND LIABILITIES

(in thousands)

At March 31, 2011 the Ministry is a defendant in twenty-seven legal claims (2010 – twenty-one legal claims). Eighteen of these claims have specified amounts totalling $1,385,571 and the remaining nine have no specified amounts (2010 – fourteen claims with specified amounts of $1,433,880 and seven with no specified amount). Included in the total legal claims are five claims amounting to $1,376,032 and five claims with no specified amount (2010 – six claims amounting to $1,418,032 and four claims with no specified amount) in which the Ministry has been jointly named with other entities. Ten claims amounting to $4,204 (2010 - eight claims amounting to $11,219) are covered by the Alberta Risk Management Fund.

The resulting loss, if any, from these claims cannot be determined.

The Ministry is actively involved in various legal claims to recover amounts spent on fighting forest fires. The outcome of these actions is not determinable at the present time; however, the amounts that may be recovered are potentially significant.

NOTE 9 REVENUES

The Softwood Lumber Agreement, 2006 requires the Minister of Natural Resources of the Government of Canada to collect a softwood lumber export tax on lumber export products to the United States. The export tax levels are based upon the *Random Lengths* Composite Framing Lumber Price Index (CFLPI). Above a CFLPI level of $US355 the export tax rate is 0 per cent. As the CFLPI falls below $US355, this tax rate increases in increments of 5 per cent until the export tax rate reaches 15 per cent. The export tax collected is transferred to the provinces net of the Government of Canada's administration and legal costs. (Note: Not in thousands)

The Ministry received $29.8 million for the nine month period ended December 31, 2010 and has accrued $9.6 million for the three month period ended March 31, 2011. The amount of the transfer received for the three month period will vary from that estimated by the amount of administration and legal costs incurred by the Government of Canada.

NOTE 10 TRUST FUNDS UNDER ADMINISTRATION

(in thousands)

The Ministry administers trust funds that are regulated funds consisting of public money over which the Legislature has no power of appropriation. Because the Province has no equity in the funds and administers them for the purpose of various trusts, they are not included in the Ministry's financial statements.

At March 31, 2011 trust funds under administration were as follows:

	2011	2010
Geophysical General Trust	$ 3,439	$ 3,322
Miscellaneous General Trust (Lands)	19,911	16,887
Performance Deposit Trust	1,285	1,121
Forests Act Securities General Trust	2,113	2,338
	$ 26,748	$ 23,668

In addition to the above trust funds under administration, the Ministry holds bank guarantees in the form of letters of credit and promissory notes as follows:

	2011	2010
Miscellaneous General Trust (Lands)	$ 21,775	$ 19,575
Performance Deposit Trust	2,284	4,815
Forests Act Securities General Trust	2,223	2,221
	$ 26,282	$ 26,611

NOTE 11 BENEFIT PLANS

(in thousands)

The Ministry participates in the multi-employer pension plans: Management Employees Pension Plan and Public Service Pension Plan. The Ministry also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contribution of $13,658 for the year ended March 31, 2011 (2010 - $12,422).

At December 31, 2010, the Management Employees Pension Plan reported a deficiency of $397,087 (2009 – deficiency of $483,199) and the Public Service Pension Plan reported a deficiency of $2,067,151 (2009 deficiency - $1,729,196). At December 31, 2010, the Supplementary Retirement Plan for Public Service Managers had a deficiency of $39,559 (2009 – deficiency $39,516).

The Ministry also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2011, the Bargaining Unit Plan reported an actuarial deficiency of $4,141 (2010 – actuarial deficiency $8,335) and the Management, Opted Out and Excluded Plan an actuarial surplus of $7,020 (2010 – actuarial surplus of $7,431). The expense for these two plans is limited to employer's annual contributions for the year.

NOTE 12 COMPARATIVE FIGURES

Certain 2010 figures have been reclassified to conform to the 2011 presentation.

NOTE 13 APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Senior Financial Officer and the Deputy Minister.

MINISTRY OF SUSTAINABLE RESOURCE DEVELOPMENT

Schedule 1

SCHEDULE TO CONSOLIDATED FINANCIAL STATEMENTS

Expenses - Directly Incurred Detailed by Object

Year ended March 31, 2011

	2011		2010
	Budget	Actual	Actual
Voted	*(in thousands)*		(Note 12)
Salaries, Wages and Employee Benefits	$ 174,738	$ 185,748	$ 187,935
Supplies and Services	97,955	210,974	250,570
Supplies and Services from Support Service Arrangements with Related Parties (a)	600	520	547
Grants	17,114	42,400	41,651
Financial Transactions and Other	100	118	120
Consumption of Inventory	2,600	3,812	2,830
Amortization of Tangible Capital Assets	13,665	8,469	8,377
	$ 306,772	$ 452,041	$ 492,030
Statutory			
Valuation Adjustments			
Provision for (Recovery of) Doubtful Accounts	$ 655	$ 158	$ (144)
(Decrease in) Provision for Vacation Pay	400	(658)	811
	$ 1,055	$ (500)	$ 667

(a) The Ministry receives financial and administrative services from the Department of Energy.

MINISTRY OF SUSTAINABLE RESOURCE DEVELOPMENT

Schedule 2

SCHEDULE TO CONSOLIDATED FINANCIAL STATEMENTS

Related Party Transactions

Year ended March 31, 2011

(in thousands)

Related parties are those entities consolidated or accounted for on the modified equity basis in the Province of Alberta's financial statements. Related parties also include management in the Ministry.

The Ministry and its employees paid or collected certain taxes and fees set by regulation for premiums, licenses and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this schedule.

The Ministry had the following transactions with related parties recorded on the Consolidated Statements of Operations and the Consolidated Statements of Financial Position at the amount of consideration agreed upon between the related parties:

	Other Entities	
	2011	2010
Revenues		
Fees and Charges	$ 58	$ 81
Expenses – Directly Incurred		
Grants	$ 790	$ 509
Other Services	5,542	4,481
	$ 6,332	$ 4,990
Tangible Capital Assets Transferred	$ 735	$ 6,868
Receivable From	$ -	$ 2
Payable To	$ 488	$ 407

The above transactions do not include support service arrangement transactions disclosed in Schedule 1.

The Ministry also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements but are disclosed in Schedule 3.

	Other Entities	
	2011	2010
Expenses – Incurred by Others		
Accommodation	$ 36,066	$ 35,860
Administration Costs	6,356	9,511
Air Transportation	288	212
Legal	1,960	1,876
Corporate Human Resources	-	294
	$ 44,670	$ 47,753

MINISTRY OF SUSTAINABLE RESOURCE DEVELOPMENT

Schedule 3

SCHEDULE TO CONSOLIDATED FINANCIAL STATEMENTS

Allocated Costs

Year ended March 31, 2011

(in thousands)

	2011								2010
		Expenses – Incurred by Others				Valuation Adjustments			(Note 12)
Program	Expenses (1)	Accommodation Costs	Administration Costs (2)	Air Transportation	Legal Services	Vacation Pay	Doubtful Accounts	Total Expenses	Total Expenses
Forestry	$ 276,714	$ 11,637	$ 3,822	$ 65	$ 244	$(2,702)	$ 2	$ 289,782	$ 330,617
Land Use Secretariat	12,982	472	188	5	151	12	-	13,810	15,564
Lands	63,818	9,256	921	27	751	(3,164)	156	71,765	75,914
Fish and Wildlife	57,136	7,821	827	24	418	5,002	-	71,228	68,491
Quasi-judicial Land-Use and Compensation Decisions	9,056	1,761	140	4	-	(62)	-	10,899	11,913
Ministry Support Services	31,611	5,119	458	163	396	256	-	38,003	37,050
Environment Statutory Programs	724	-	-	-	-	-	-	724	901
	$ 452,041	$ 36,066	$ 6,356	$ 288	$ 1,960	$ (658)	$ 158	$ 496,211	$ 540,450

(1) Expenses – Directly Incurred as per Statement of Operations, excluding valuation adjustments ($500).

(2) Amount includes Administration for $6,036, Corporate Internal Audit Services (CIAS) for $142 and Corporate Human Resources Learning for $114.

AUDITOR GENERAL
Alberta

Independent Auditor's Report

To the Minister of Sustainable Resource Development

Report on the Financial Statements

I have audited the accompanying financial statements of the Department of Sustainable Resource Development, which comprise the statement of financial position as at March 31, 2011 and the statements of operations, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Department of Sustainable Resource Development as at March 31, 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher, CA]

Auditor General

June 10, 2011

Edmonton, Alberta

DEPARTMENT OF SUSTAINABLE RESOURCE DEVELOPMENT

STATEMENT OF OPERATIONS

Year ended March 31, 2011

	2011		2010
	Budget	Actual	Actual
	(Schedule 4)		(Note 11)
		(in thousands)	
Revenues (Note 2b, Schedules 1 and 2)			
Transfer to Environmental Protection and Enhancement Fund	$ (64,055)	$ (93,038)	$ (78,441)
Remission of Surplus from the Environmental Protection and Enhancement Fund	50,790	80,526	66,747
Transfers from the Government of Canada	29,447	45,726	50,504
Premiums, Fees and Licences	106,548	114,187	100,705
Investment Income	15	20	40
Other Revenue	3,664	19,592	15,275
	126,409	167,013	154,830
Expenses – Directly Incurred (Note 2b and Schedule 8)			
Voted (Schedules 3 and 5)			
Ministry Support Services	33,657	31,611	31,416
Forestry	138,502	263,820	299,337
Land Use Secretariat	13,200	12,982	14,921
Lands	47,411	63,568	64,762
Fish and Wildlife	50,060	57,055	58,264
Quasi-judicial Land-Use and Compensation Decisions	9,044	9,082	9,936
	291,874	438,118	478,636
Statutory (Schedules 3 and 5)			
Land Stewardship Fund	-	8,129	-
Valuation Adjustments			
Provision for (Recovery of) Doubtful Accounts	655	158	(144)
(Decrease in) Provision for Vacation Pay	400	(658)	811
	1,055	7,629	667
Total Expenses	292,929	445,747	479,303
Gain on Disposal/Writedown of Tangible Capital Assets and Nominal Sum Disposals	-	13,436	10,707
Gain on Sale of Land in Enhanced Land Stewardship	5,000	-	16,159
Dedicated Revenue received from the Government of Canada for purchase of Tangible Capital Assets for Provincial Grazing Reserves	3,025	3,025	2,200
	8,025	16,461	29,066
Net Operating Results	$ (158,495)	$ (262,273)	$ (295,407)

The accompanying notes and schedules are part of these financial statements.

DEPARTMENT OF SUSTAINABLE RESOURCE DEVELOPMENT

STATEMENT OF FINANCIAL POSITION

As at March 31, 2011

	2011	2010 (Note 3)
	(in thousands)	
Assets		
Cash and Cash Equivalents	$ 5,876	$ 7,266
Accounts Receivable (Note 4)	133,320	112,311
Inventories	3,917	3,876
Tangible Capital Assets (Note 3 and 5)	289,651	281,129
	$ 432,764	$ 404,582
Liabilities		
Accounts Payable and Accrued Liabilities (Note 6)	123,555	133,510
Unearned Revenue	46,233	36,850
	169,788	170,360
Net Assets		
Net Assets at Beginning of Year (Note 3)	234,222	204,150
Change in Accounting Policy (Note 2c)	-	24,946
Net Operating Results	(262,273)	(295,407)
Net Financing Provided from General Revenues	291,027	300,533
Net Assets at End of Year (Note 3)	262,976	234,222
	$ 432,764	$ 404,582

Contractual obligations and contingent liabilities (Notes 7 and 8)

The accompanying notes and schedules are part of these financial statements.

DEPARTMENT OF SUSTAINABLE RESOURCE DEVELOPMENT

STATEMENT OF CASH FLOWS

Year ended March 31, 2011

	2011	2010
	(in thousands)	
Operating Transactions		
Net Operating Results	$ (262,273)	$ (295,407)
Non-cash items included in Net Operating Results		
Amortization	8,439	8,340
(Gain) Loss on Disposal of Tangible Capital Assets	(13,436)	(10,707)
(Gain) Loss on Disposal of Land in Enhanced Land Stewardship	-	(16,159)
Nominal Sum Disposals	13,449	9,502
Valuation Adjustments	(500)	667
	(254,321)	(303,764)
(Increase) Decrease in Accounts Receivable	(21,167)	(58,992)
(Increase) Decrease in Inventories	(41)	355
(Decrease) Increase in Accounts Payable and Accrued Liabilities	(9,296)	37,330
Increase (Decrease) in Unearned Revenue	9,383	3,986
Change in Accounting Policy (Note 2c)	-	24,946
Cash Applied to Operating Transactions	(275,442)	(296,139)
Capital Transactions		
Acquisition of Tangible Capital Assets	(16,241)	(27,891)
Proceeds on Disposal/Sale of Tangible Capital Assets	1	17,466
Transfer of Tangible Capital Assets (to) from Other Government Entities	(735)	6,868
Cash Applied to Capital Transactions	(16,975)	(3,557)
Financing Transactions		
Net Financing Provided from General Revenues	291,027	300,533
Cash Provided by Financing Transactions	291,027	300,533
(Decrease) Increase in Cash and Cash Equivalents	(1,390)	837
Cash and Cash Equivalents at Beginning of Year	7,266	6,429
Cash and Cash Equivalents at End of Year	$ 5,876	$ 7,266

The accompanying notes and schedules are part of these financial statements.

NOTE 1 AUTHORITY AND PURPOSE

The Department of Sustainable Resource Development (the Department) operates under the authority of the *Government Organization Act*, Chapter G-10, Revised Statutes of Alberta 2000. The Department also operates under the authority of the following acts:

Organization	**Authority**
The Department of Sustainable Resource Development	*Boundary Surveys Act* *Wildlife Act* *Fisheries (Alberta) Act* *Forests Act* *Forest and Prairie Protection Act* *Forest Reserves Act* *Mines and Minerals Act* *Public Lands Act* *Surveys Act*
Surface Rights Board	*Surface Rights Act*
Land Compensation Board	*Expropriation Act*

The goals of the Department's Core businesses are:

Forestry - The Department provides leadership and guidance to ensure the multiple benefits received from the province's forests are realized by using the best possible forest management, wildfire management and forest industry practices.

Land Use Secretariat – The Land Use Secretariat facilitates the development of regional plans that provide a blueprint for land-use management and decision-making that addresses Alberta's growth pressures. Alberta's Land-use Framework provides clear direction for managing land, air, water and biodiversity, and is based on economic, environmental and social outcomes that guide planning, decision-making and management of land and natural resources in regions.

Lands – The Department manages the demands of multiple stakeholders using Alberta's public land by integrating planning and management best practices to sustain the benefits Albertans receive from their natural resources and public lands.

Fish and Wildlife – The Department manages fish and wildlife species based on the best available science and integrated decision-making processes. The sound stewardship of fish and wildlife resources facilitates consumptive (fishing and hunting) and non-consumptive recreation opportunities compatible with healthy, diverse fish and wildlife populations.

Quasi-judicial Land use and Compensation Decisions – Reporting to the Minister of Sustainable Resource Development, the Department's quasi-judicial boards make their decisions independently, in accordance with their own governing legislation. **The Surface Rights Board** conducts hearings when operators and landowners or occupants fail to agree on entry or compensation related to resource activity on privately owned lands or occupied public lands. **The Land Compensation Board** establishes compensation when private land is expropriated by a public authority for projects in the public interest.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements are prepared in accordance with Canadian public sector accounting standards.

(a) Reporting Entity

The reporting entity is the Department of Sustainable Resource Development, which is part of the Ministry of Sustainable Resource Development and for which the Minister of Sustainable Resource Development is accountable. Other entities reporting to the Minister are the Environmental Protection and Enhancement Fund, the Natural Resources Conservation Board, and the Land Stewardship Fund. The activities of these organizations are not included in these financial statements. The Ministry Annual Report provides a more comprehensive accounting of the financial position and results of the Ministry's operations for which the Minister is accountable.

All departments of the Government of Alberta operate within the General Revenue Fund (the Fund). The Fund is administered by the Minister of Finance and Enterprise. All cash receipts of departments are deposited into the Fund and all cash disbursements made by departments are paid from the Fund. Net Financing Provided from (for) General Revenues is the difference between all cash receipts and all cash disbursements made.

(b) Basis of Financial Reporting

Revenues

All revenues are reported on an accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recorded as unearned revenue.

Internal Government Transfers

Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive goods or services directly in return. Internal government transfers are recognized as revenue when received.

Transfers from Government of Canada

Transfers from Government of Canada are recognized as revenue when authorized by federal legislation or federal/provincial agreements, eligibility criteria if any are met and a reasonable estimate of the amounts can be made.

Credit or Recovery

Credit or Recovery initiatives provide a basis for authorizing spending. Credits or Recoveries are shown in the details of the Government Estimates for a supply vote. If budgeted revenues are not fully realized, spending is reduced by an equivalent amount. If actual credit or recovery amounts exceed budget, the Department may, with the approval of the Treasury Board Committee, use the excess to fund additional expenses of the program. Schedule 2 discloses information on the Department's credit or recovery initiatives.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (cont'd)

Expenses

Directly Incurred

Directly incurred expenses are those costs the Department has primary responsibility and accountability for, as reflected in the Government's budget documents.

In addition to program operating expenses such as salaries, supplies, etc., directly incurred expenses also include:

- amortization of tangible capital assets.
- pension costs, which are the cost of the employer contributions for current services of employees during the year.
- valuation adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay, guarantees and indemnities.

Incurred by Others

Services contributed by other entities in support of the Department operations are not recognized and are disclosed in Schedule 7 and allocated to programs in Schedule 8.

Assets

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations. Financial assets of the Department are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals, as well as inventories held for resale.

Assets acquired by right are not included. Tangible capital assets of the Department are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems development is $250,000 and the threshold for major systems enhancements is $100,000. The threshold for all other tangible capital assets is $5,000. All land is capitalized.

Donated tangible capital assets are recorded at fair value at the time of contribution. Amortization is only charged if the asset is in use.

When physical assets (tangible capital assets and inventories) are gifted or sold for a nominal sum, the fair values for these physical assets less any nominal proceeds are recorded as grants in kind.

Liabilities

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of the fiscal year. The settlement of liabilities will result in sacrifice of economic benefits in the future.

Environmental liabilities arise from the obligation to remediate contaminated sites. When the Department has incurred such liabilities, a liability is accrued based on management's best estimates. Where an environmental liability cannot be estimated, the nature of the liability and its potential effect on the Department's financial statements is disclosed. For fiscal year ending March 31, 2011, the Department has no environmental liabilities.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (cont'd)

Net Assets/Net Liabilities

Net assets/net liabilities represent the difference between the carrying value of assets held by the Department and its liabilities.

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair value of cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities are estimated to approximate their carrying value because of the short-term nature of these instruments.

Measurement Uncertainty

Measurement uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount. Some revenues are predicated on self-assessment where clients are expected to understand the terms of their lease or permit and comply with them. This could impact the completeness of the revenues from royalties and disturbance fees on large dispositions when clients fail to comply with the lease, permit, or disposition requirements. The Department is in the process of enhancing systems and methods to validate amounts reported and ensure completeness of revenues. Regardless of system enhancements procedures cannot identify all sources of unreported income from self assessed revenues. The Department does not estimate the amount of unreported royalties or disposition fees.

(c) Change in Accounting Policy

The Department changed its accounting policy for revenue reporting from a cash basis to a full accrual basis for the year ended March 31, 2010.

NOTE 3 RESTATEMENT

(in thousands)

The prior year statement of financial position included tangible capital assets pertaining to parcels of land amounting to $3,959 that were sold in the previous years but were still in the records as of March 31, 2010. Management has restated the tangible capital assets account to reflect the various sales that occurred prior to April 1, 2009. The following table illustrates the effect of this restatement.

	As Previously Reported March 31, 2010	Adjustment	As Restated March 31, 2011
Tangible Capital Assets	$ 285,088	$ (3,959)	$ 281,129
Net Assets at Beginning of Year	$ 208,109	$ (3,959)	$ 204,150

NOTE 4 ACCOUNTS RECEIVABLE

(in thousands)

	2011			2010
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Accounts receivable	$ 134,867	$ (1,655)	$ 133,212	$ 112,231
Refunds from suppliers	108	-	108	80
	$ 134,975	$ (1,655)	$ 133,320	$ 112,311

Accounts receivable are unsecured and interest bearing at various rates.

NOTE 5 TANGIBLE CAPITAL ASSETS

(in thousands)

	Land(1)	Buildings	Equipment(2)	Computer Hardware and Software	Other(3)	2011 Total	2010 Total (Note 3)
Estimated Useful Life	Indefinite	40 years	3 – 15 years	5 – 10 years	5 – 40 years		
Historical Costs(*)							
Beginning of year	$ 127,811	$ 48,770	$ 74,268	$ 26,163	$ 126,106	$ 403,118	$ 382,514
Additions	4,175	3,930	923	3,508	4,439	16,975	27,891
Disposals, including write-downs	(1)	(44)	(6)	(656)	-	(707)	(7,287)
	$ 131,985	$ 52,656	$ 75,185	$ 29,015	$ 130,545	$ 419,386	$ 403,118
Accumulated Amortization							
Beginning of year	$ -	17,256	21,619	15,231	67,883	121,989	113,966
Amortization expense	-	1,004	3,691	1,428	2,316	8,439	8,340
Effect of disposals	-	(30)	(6)	(657)	-	(693)	(317)
	-	18,230	25,304	16,002	70,199	129,735	121,989
Net Book Value at March 31, 2011	$ 131,985	$ 34,426	$ 49,881	$ 13,013	$ 60,346	**$ 289,651**	
Net Book Value at March 31, 2010	$ 127,811	$ 31,514	$ 52,649	$ 10,932	$ 58,223		$ 281,129

(1) Land includes land acquired for building sites, infrastructure and other program use.

(2) Equipment includes office, laboratory, heavy mobile and forest protection equipment, vehicles and furniture.

(3) Other consists of land improvements; aircraft and aircraft engines; and highways and roads (consists of original pavement, roadbed, drainage works and traffic control devices).

**Historical costs include work-in-progress at March 31, 2011 totalling $13,894 comprised of: equipment $784 (2010 - $3,334); computer hardware and software $1,622 (2010 - $2,118); and other $11,488 (2010 - $7,890).*

NOTE 6 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

(in thousands)

	2011	2010
Payable to Environmental Protection and Enhancement Fund	$ 80,738	$ 82,425
Accrued liabilities	23,610	31,398
Accounts payable general	3,820	3,641
Vacation pay	15,387	16,046
	$ 123,555	$ 133,510

NOTE 7 CONTRACTUAL OBLIGATIONS

(in thousands)

Contractual obligations are obligations of the Department to others that will become liabilities in the future when the terms of those contracts or agreements are met.

	2011	2010
Service contracts	$ 166,794	$ 77,796
Long-term leases	75	249
Grants	700	1,050
	$ 167,569	$ 79,095

Estimated payment requirements for each of the next five years and thereafter are as follows:

	Service Contract	Leases	Grants	Total
2011-12	$ 25,068	69	350	25,487
2012-13	23,352	6	350	23,708
2013-14	21,702	-	-	21,702
2014-15	21,702	-	-	21,702
2015-16	14,965	-	-	14,965
Thereafter	60,005	-	-	60,005
	$ 166,794	$ 75	$ 700	$ 167,569

NOTE 8 CONTINGENT ASSETS AND LIABILITIES

(in thousands)

At March 31, 2011 the Department is a defendant in twenty-seven legal claims (2010 – twenty-one legal claims). Eighteen of these claims have specified amounts totalling $1,385,571 and the remaining nine have no specified amounts (2010 – fourteen claims with specified amounts of $1,433,880 and seven with no specified amount). Included in the total legal claims are five claims amounting to $1,376,032 and five claims with no specified amount (2010 – six claims amounting to $1,418,032 and four claims with no specified amount) in which the Department has been jointly named with other entities. Ten claims amounting to $4,204 (2010 - eight claims amounting to $11,219) are covered by the Alberta Risk Management Fund.

The resulting loss, if any, from these claims cannot be determined.

The Department is actively involved in various legal claims to recover amounts spent on fighting forest fires. The outcome of these actions is not determinable at the present time; however, the amounts that may be recovered are potentially significant.

NOTE 9 TRUST FUNDS UNDER ADMINISTRATION

(in thousands)

The Department administers trust funds that are regulated funds consisting of public money over which the Legislature has no power of appropriation. Because the Province has no equity in the funds and administers them for the purpose of various trusts, they are not included in the Department's financial statements.

As at March 31, 2011 trust funds under administration were as follows:

	2011	2010
Geophysical General Trust	$ 3,439	$ 3,322
Miscellaneous General Trust (Lands)	19,911	16,887
Performance Deposit Trust	1,285	1,121
Forests Act Securities General Trust	2,113	2,338
	$ 26,748	$ 23,668

In addition to the above trust funds under administration, the Department holds bank guarantees in the form of letters of credit and promissory notes as follows:

	2011	2010
Miscellaneous General Trust (Lands)	$ 21,775	$ 19,575
Performance Deposit Trust	2,284	4,815
Forests Act Securities General Trust	2,223	2,221
	$ 26,282	$ 26,611

NOTE 10 BENEFIT PLANS

(in thousands)

The Department participates in the multi-employer pension plans: Management Employees Pension Plan and Public Service Pension Plan. The Department also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contribution of $13,583 for the year ended March 31, 2011 (2010 – $11,977).

At December 31, 2010, the Management Employees Pension Plan reported a deficiency of $397,087 (2009 – deficiency of $483,199) and the Public Service Pension Plan reported a deficiency of $2,067,151 (2009 deficiency - $1,729,196). At December 31, 2010, the Supplementary Retirement Plan for Public Service Managers had a deficiency of $39,559 (2009 – deficiency $39,516).

The Department also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2011, the Bargaining Unit Plan reported an actuarial deficiency of $4,141 (2010 – deficiency $8,335) and the Management, Opted Out and Excluded Plan an actuarial surplus of $7,020 (2010 – surplus of $7,431). The expense for these two plans is limited to employer's annual contributions for the year.

NOTE 11 COMPARATIVE FIGURES

Certain 2010 figures have been reclassified to conform to the 2011 presentation.

NOTE 12 APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Senior Financial Officer and the Deputy Minister.

DEPARTMENT OF SUSTAINABLE RESOURCE DEVELOPMENT

Schedule 1

SCHEDULE TO FINANCIAL STATEMENTS

Revenues

Year ended March 31, 2011

	2011		2010
	Budget	**Actual**	**Actual**
	(in thousands)		**(Note 11)**
Internal Government Transfers			
Allocation of Revenue to Environmental Protection and Enhancement Fund	$ (64,055)	$ (93,038)	$ (78,441)
Remission of Surplus from Environmental Protection and Enhancement Fund	50,790	80,526	66,747
	(13,265)	(12,512)	(11,694)
Transfers from the Government of Canada***			
Various	32,472 *	48,751 *	52,704
Investment Income	15	20	40
Fees, Permits and Licences			
Timber Royalties and Fees	34,009	36,695	26,320
Land and Grazing	61,904	68,856	65,366
Other	10,635	8,636	9,019
	106,548	114,187	100,705
Other Revenue			
Refunds of Expenses	-	1,761	4,433
Various	8,664 **	17,831	10,842
	8,664	19,592	15,275
Total Revenues	$ 134,434	$ 170,038	$ 157,030

*Transfers from the Government of Canada include $3.025 million for Provincial Grazing Reserves Capital.

**Other revenue includes $5.000 million for Enhanced Land Stewardship Capital.

***The Softwood Lumber Agreement, 2006 requires the Minister of Natural Resources of the Government of Canada to collect a softwood lumber export tax on lumber export products to the United States. The export tax levels are based upon the *Random Lengths* Composite Framing Lumber Price Index (CFLPI). Above a CFLPI level of $US355 the export tax rate is 0 per cent. As the CFLPI falls below $US355, this tax rate increases in increments of 5 per cent until the export tax rate reaches 15 per cent. The export tax collected is transferred to the provinces net of the Government of Canada's administration and legal costs. (Note: Not in thousands)

The Department received $29.8 million for the nine month period ended December 31, 2010 and has accrued $9.6 million for the three month period ended March 31, 2011. The amount of the transfer received for the three month period will vary from that estimated by the amount of administration and legal costs incurred by the Government of Canada.

DEPARTMENT OF SUSTAINABLE RESOURCE DEVELOPMENT

Schedule 2

SCHEDULE TO FINANCIAL STATEMENTS

Credit or Recovery

Year ended March 31, 2011

	2011		
	Authorized	Actual	(Shortfall)/ Excess
	(in thousands)		
Bow Habitat Station	$ 40	$ 50	$ 10
Enhanced Land Stewardship	750	-	(750)
Forestry Youth Programs	655	198	(457)
Hinton Training Centre	700	162	(538)
Smoky Lake Tree Improvement Centre	100	56	(44)
Forest Reforestation	312	117	(195)
Federal Government Forestry Programs	1,224	369	(855)
Spatial Data Warehouse	4,750	2,821	(1,929)
Provincial Grazing Reserves	700	700	-
Fish and Wildlife	7,350	6,295	(1,055)
	16,581	10,768	(5,813)
Enhanced Land Stewardship Capital	6,900	-	(6,900)
Provincial Grazing Reserves Capital	3,025	3,025	-
	$ 26,506	$ 13,793	$ (12,713) (1)

(1) Shortfall is deducted from current year's authorized budget, as disclosed in Schedules 4 and 5 to the financial statements.

Bow Habitat Station – Revenues are from admissions, concessions, programs, special events, rentals, membership and donations which are used to offset the visitor centre's operating expenses.

Enhanced Land Stewardship – Revenue is collected through the sale of land for the operating costs associated with the purchase of other land. Details of the Land Stewardship program are included with the Enhanced Land Stewardship Capital.

Forestry Youth Programs - Forestry Youth Employment Initiatives are delivered by the Department in partnership with industry, communities, and other government departments to promote career opportunities for youth related to forestry and other natural resource fields.

Hinton Training Centre initiative was established for the purpose of collecting revenue for room and board, for classroom utilization, and the sale of interactive fire compact discs for national and international studies.

Smoky Lake Tree Improvement Centre initiative accounts for the scientific work, resource conservation, and technology transfer related to regional forest improvement in the Peace Region.

Forest Reforestation – The program is designed to assist forest companies to adopt the new Alternate Regeneration Survey (ARS) standards and survey protocols by facilitating the process of photo acquisition to ensure aerial photo standardization.

Federal Government Forestry Programs – Revenue is collected through agreements with the Government of Canada to fund various forestry programs such as the country-wide framework for synthesizing data and reporting on the status of Canadian forests, as well as conducting risk analysis impacts of national significance.

Spatial Data Warehouse initiative was established for updating and distributing provincial base maps, including cadastral, disposition, and topographic mapping. Revenue for this initiative is from filing fees for cadastral and disposition mapping collected at the time of registration, revenue sharing with Spatial Data Warehouse Ltd., provincial base map sales, and partnership funding for topographic map updating.

Provincial Grazing Reserves - Federal funding is provided to refurbish grazing reserves. Partial funding is provided for operating expenses. Details of the Provincial Grazing Reserves program are included with the Provincial Grazing Reserves Capital.

Fish and Wildlife initiative promotes industry stewardship and investment in this provincial resource and fosters improved industry relationships with other stakeholders.

Enhanced Land Stewardship Capital allows the Department to sell surplus land and use the proceeds to purchase non-urban lands for conservation and stewardship need such as land for sensitive habitat in rural areas, critical watersheds, and conservation easements that better meet the Department's mandate.

Provincial Grazing Reserves Capital – Federal funding is provided to refurbish grazing reserve infrastructure to continue to provide summer pasture for Alberta farmers and ranchers.

Note: The credits or recoveries presented in this schedule are included in the Department's Statement of Operations with the exception of the Provincial Grazing Reserves Capital and the Enhanced Land Stewardship Capital.

DEPARTMENT OF SUSTAINABLE RESOURCE DEVELOPMENT

Schedule 3

SCHEDULE TO FINANCIAL STATEMENTS

Expenses – Directly Incurred Detailed by Object

Year ended March 31, 2011

	2011		2010
	Budget	**Actual**	**Actual**
	(in thousands)		**(Note 11)**
Voted			
Salaries, Wages and Employee Benefits	$ 165,640	$ 164,224	$ 165,336
Supplies and Services	88,492	86,541	105,802
Supplies and Services from Support Service Arrangements with Related Parties (a)	600	520	547
Grants	20,827	174,464	195,661
Financial Transactions and Other	100	118	120
Consumption of Inventory	2,600	3,812	2,830
Amortization of Tangible Capital Assets	13,615	8,439	8,340
	$ 291,874	$ 438,118	$ 478,636
Statutory			
Land Stewardship Fund	$ -	$ 8,129	$ -
Valuation Adjustments			
Provision for (Recovery of) Doubtful Accounts	655	158	(144)
(Decrease in) Provision for Vacation Pay	400	(658)	811
	$ 1,055	$ 7,629	$ 667

(a) The Department receives financial and administrative services from the Department of Energy.

DEPARTMENT OF SUSTAINABLE RESOURCE DEVELOPMENT

Schedule 4

SCHEDULE TO FINANCIAL STATEMENTS

Budget

Year ended March 31, 2011

	2010-11 Estimates (a)	Adjustments (b)	2010-11 Budget	Authorized Supplementary (c)	2010-11 Authorized Budget
			(in thousands)		
Revenues					
Transfer to Environmental Protection and Enhancement Fund	$ (64,055)	$ -	$ (64,055)	$ -	$ (64,055)
Remission of Surplus from the Environmental Protection and Enhancement Fund	50,790	-	50,790	-	50,790
Transfers from Government of Canada	32,472	-	32,472	-	32,472
Premiums, Fees, and Licenses	106,548	-	106,548	-	106,548
Investment income	15	-	15	-	15
Other Revenue	8,664	-	8,664	-	8,664
	134,434	-	134,434	-	134,434
Expenses - Directly Incurred					
Voted Expenses					
Ministry Support Services	33,657	-	33,657	-	33,657
Forestry	138,502	369	138,871	142,700	281,571
Land Use Secretariat	13,200	-	13,200	-	13,200
Lands	47,411	750	48,161	13,500	61,661
Fish and Wildlife	50,060	6,575	56,635	-	56,635
Quasi-judicial Land-Use and Compensation Decisions	9,044	-	9,044	-	9,044
Credit or Recovery Shortfall (Schedule 2)	-	(5,813)	(5,813)	-	(5,813)
	291,874	1,881	293,755	156,200	449,955
Statutory Expenses					
Land Stewardship Fund	-	-	-	-	-
Valuation Adjustments					
Provision for Doubtful Accounts	655	-	655	-	655
Provisions for Vacation Pay	400	-	400	-	400
	1,055	-	1,055	-	1,055
Net Operating Results	$ (158,495)	$ (1,881)	$ (160,376)	$ (156,200)	$ (316,576)
Equipment/Inventory Purchases	$ 5,777	$ -	$ 5,777	$ -	$ 5,777
Capital Investment	$ 18,425	$ 6,200	$ 24,625	$ -	$ 24,625
Dedicated Revenue Shortfall (Schedule 2) – Capital Investment	-	(6,900)	(6,900)	-	(6,900)
	$ 18,425	$ (700)	$ 17,725	$ -	$ 17,725
Non-Budgetary Disbursements	$ -	$ -	$ -	$ -	$ -

(a) *Appropriation Act*, 2010 (Bill 15) Royal Ascent March 25, 2010.

(b) Adjustments include encumbrances, credit or recovery increases approved by Treasury Board and credit or recovery shortfalls. In the event that actual voted Expense, Equipment/Inventory Purchases and Capital Investment in the prior year exceeded the authorized budget, the difference is known as an encumbrance. The encumbrance reduces the budgeted amount voted in the current year.
The budget was adjusted by $0.369 million for mountain pine beetle projects, $0.75 million for Enhanced Land Stewardship, $6.325 million for Recreation Licensing Management System and $0.25 million for Fish and Wildlife resources. Treasury Board approval is pursuant to section 24(2) of the *Financial Administration Act*.
Adjustments for capital investment for the Enhanced Land Stewardship of $1.9 million and $4.3 million for capital carry over were approved by Treasury Board pursuant to section 28.1 of the *Financial Administration Act*.

(c) Supplementary Estimates were approved on March 10, 2011 for $110 million for fire-fighting costs, $30.0 million for mountain pine beetle infestation, $2.7 million for the program to control an eastern spruce budworm infestation, and $13.5 million for nominal sum disposal.

DEPARTMENT OF SUSTAINABLE RESOURCE DEVELOPMENT

Schedule 5

SCHEDULE TO FINANCIAL STATEMENTS

Comparison of Expenses - Directly Incurred, Equipment/Inventory Purchases (EIP) and Capital Investment, Statutory Expenses and Non-Budgetary Disbursements by Element to Authorized Budget

Year ended March 31, 2011

(in thousands)

Voted Expense, EIP and Capital Investments		2010-11 Estimates (a)	Adjustments (b)	2010-11 Budget	Authorized Supplementary (c)	2010-11 Authorized Budget	2010-11 Actual	Unexpended (Over Expended)
Ministry Support Services								
1.0.1	Minister's Office	$ 443	$ -	$ 443	$ -	$ 443	$ 436	$ 7
1.0.2	Deputy Minister's Office	561	-	561	-	561	563	(2)
1.0.3	Communications	1,643	-	1,643	-	1,643	1,651	(8)
1.0.4	Human Resources	2,616	-	2,616	-	2,616	2,388	228
1.0.5	Corporate Services	28,309	-	28,309	-	28,309	26,483	1,826
	Equipment/Inventory Purchases	40	-	40	-	40	241	(201)
	Capital Investment	-	-	-	-	-	27	(27)
1.0.6	Amortization of Capital Assets	85	-	85	-	85	90	(5)
		33,697	-	33,697	-	33,697	31,879	1,818
Forestry								
2.0.1	Forest Protection							
	Operating	90,749	-	90,749	110,000	200,749	191,186	9,563
	Equipment/Inventory Purchases	3,853	-	3,853	-	3,853	2,452	1,401
	Capital Investment	9,907	-	9,907	-	9,907	7,206	2,701
2.0.2	Forest Management							
	Operating	21,938	369	22,307	32,700	55,007	48,963	6,044
2.0.3	Forest Economics							
	Operating	13,896	-	13,896	-	13,896	13,474	422
2.0.4	Amortization of Capital Assets	11,919	-	11,919	-	11,919	10,197	1,722
		152,262	369	152,631	142,700	295,331	273,478	21,853
Land Use Secretariat								
3.0.1	Land Use Secretariat							
	Operating	13,200	-	13,200	-	13,200	12,982	218
	Equipment/Inventory Purchases	-	-	-	-	-	25	(25)
		13,200	-	13,200	-	13,200	13,007	193
Lands								
4.0.1	Public Land Management							
	Operating	26,362	-	26,362	-	26,362	26,154	208
	Equipment/Inventory Purchases	702	-	702	-	702	2,433	(1,731)
4.0.2	Rangeland Management							
	Operating	10,420	-	10,420	-	10,420	10,603	(183)
	Equipment/Inventory Purchases	400	-	400	-	400	400	-
	Capital Investment	3,518	-	3,518	-	3,518	3,390	128
4.0.3	Land Dispositions							
	Operating	8,631	750	9,381	-	9,381	11,948	(2,567)
	Capital Investment	5,000	6,200	11,200	-	11,200	3,466	7,734
4.0.4	Nominal Sum Disposals	-	-	-	13,500	13,500	13,449	51
4.0.5	Amortization of Capital Assets	1,998	-	1,998	-	1,998	1,414	584
		57,031	6,950	63,981	13,500	77,481	73,257	4,224

Comparison of Expenses - Directly Incurred, Equipment/Inventory/Purchases (EIP) and Capital Investment and Statutory Expenses and Non-Budgetary Disbursements by Element to Authorized Budget

Year ended March 31, 2011

Voted Expense, EIP and Capital Investments	2010-11 Estimates (a)	Adjustments (b)	**2010-11** Budget	Authorized Supplementary (c)	**2010-11** Authorized Budget	**2010-11** Actual	Unexpended (Over Expended)
				(in thousands)			
Fish and Wildlife							
5.0.1 Fisheries Management							
Operating	10,416	-	10,416	-	10,416	10,047	369
Equipment/Inventory Purchases	38	-	38	-	38	-	38
5.0.2 Wildlife Management							
Operating	8,557	6,575	15,132	-	15,132	19,669	(4,537)
Equipment/Inventory Purchases	38	-	38	-	38	-	38
5.0.3 Enforcement							
Operating	28,877	-	28,877	-	28,877	26,795	2,082
Equipment/Inventory Purchases	706	-	706	-	706	428	278
5.0.4 Amortization of Capital Assets	2,210	-	2,210	-	2,210	544	1,666
	50,842	6,575	57,417	-	57,417	57,483	(66)
Quasi-judicial Land-use and Compensation Decisions							
6.0.1 Natural Resources Conservation Board	5,987	-	5,987	-	5,987	5,652	335
6.0.2 Surface Rights and Land Compensation Boards	3,054	-	3,054	-	3,054	3,424	(370)
Equipment/Inventory Purchases	-	-	-	-	-	26	(26)
6.0.3 Amortization of Capital Assets	3	-	3	-	3	6	(3)
	9,044	-	9,044	-	9,044	9,108	(64)
Dedicated Revenue Shortfall (Schedule 2)	-	(5,813)	(5,813)	-	(5,813)	-	(5,813)
	$316,076	$ 8,081	$324,157	$ 156,200	$ 480,357	$458,212	$ 22,145
Expense	$291,874	$ 1,881	$293,755	$ 156,200	$ 449,955	$438,118	$ 11,837
Equipment/Inventory Purchases	5,777	-	5,777	-	5,777	6,005	(228)
	297,651	1,881	299,532	156,200	455,732	444,123	11,609
Capital Investment	18,425	6,200	24,625	-	24,625	14,089	10,536
Dedicated Revenue Shortfall	-	(6,900)	(6,900)	-	(6,900)	-	(6,900)
	$316,076	$ 1,181	$317,257	$ 156,200	$ 473,457	$458,212	$ 15,245
Statutory Expenses:							
Land Stewardship Fund	$ -	$ -	$ -	$ -	$ -	$ 8,129	$ (8,129)
Valuation Adjustments	$ 1,055	$ -	$ 1,055	$ -	$ 1,055	$ (500)	$ 1,555
	$ 1,055	$ -	$ 1,055	$ -	$ 1,055	$ 7,629	$ (6,574)

Comparison of Expenses - Directly Incurred, Equipment/Inventory/Purchases (EIP) and Capital Investment and Statutory Expenses and Non-Budgetary Disbursements by Element to Authorized Budget

Year ended March 31, 2011

(a) *Appropriation Act*, 2010 (Bill 15) Royal Ascent March 25, 2010.

(b) Adjustments include encumbrances, credit or recovery increases approved by Treasury Board and credit or recovery shortfalls. In the event that actual voted Expense, Equipment/Inventory Purchases and Capital Investment in the prior year exceeded the authorized budget, the difference is known as an encumbrance. The encumbrance reduces the budgeted amount voted in the current year.
The budget was adjusted by $0.369 million for mountain pine beetle projects, $0.75 million for Enhanced Land Stewardship, $6.325 million for Recreation Licensing Management System and $0.25 million for Fish and Wildlife resources. Treasury Board approval is pursuant to section 24(2) of the *Financial Administration Act*.
Adjustments for capital investment for the Enhanced Land Stewardship of $1.9 million and $4.3 million for capital carry over were approved by Treasury Board pursuant to section 28.1 of the *Financial Administration Act*.

(c) Supplementary Estimates were approved on March 10, 2011 ($110 million for fire-fighting costs, $30.0 million for mountain pine beetle infestation, $2.7 million for the program to control an eastern spruce budworm infestation, and $13.5 million for nominal sum disposal).

DEPARTMENT OF SUSTAINABLE RESOURCE DEVELOPMENT

SCHEDULE TO FINANCIAL STATEMENTS

Salary and Benefits Disclosure

Year ended March 31, 2011

	2011				2010
	Base Salary (1)	Other Cash Benefits (2)	Other Non-Cash Benefits (3)	Total	Total
Deputy Minister (4)	$ 264,576	$ 1,750	$ 64,198	$ 330,524	$ 327,059
Assistant Deputy Ministers					
Fish and Wildlife (5)	154,019	15,696	24,757	194,472	166,183
Forestry (6)	161,241	16,400	39,708	217,349	203,211
Lands (7)	209,176	1,750	38,652	249,578	193,806
Corporate Services (8)	159,718	1,750	24,283	185,751	207,758
Senior Officials					
Human Resource Services	139,788	1,750	34,434	175,972	173,451
Land-Use Secretariat	185,472	1,750	45,297	232,519	230,074

Prepared in accordance with Treasury Board Directive 12/98 as amended.

(1) Base Salary includes pensionable base pay.

(2) Other cash benefits include vacation payouts and lump sum payments. There were no bonuses paid in 2011.

(3) Other non-cash benefits include the government's share of all employee benefits and contributions or payments made on behalf of employees including pension, supplementary retirement plans, health care, dental coverage, group life insurance, short and long term disability plans, professional memberships, and tuition fees.

(4) Automobile provided, no dollar amount included in other non-cash benefits.

(5) Assistant Deputy Minister replaced acting Assistant Deputy Minister on September 22, 2010.

(6) Assistant Deputy Minister replaced acting Assistant Deputy Minister on September 14, 2010.

(7) Assistant Deputy Minister retired on July 24, 2010. Assistant Deputy Minister was in place on May 15, 2010.

(8) Assistant Deputy Minister retired on August 20, 2010. Assistant Deputy Minister was in place on August 21, 2010.

DEPARTMENT OF SUSTAINABLE RESOURCE DEVELOPMENT **Schedule 7**

SCHEDULE TO FINANCIAL STATEMENTS

Related Party Transactions

Year ended March 31, 2011

(in thousands)

Related parties are those entities consolidated or accounted for on the modified equity basis in the Province of Alberta's financial statements. Related parties also include management in the Department.

The Department and its employees paid or collected certain taxes and fees set by regulation for premiums, licences and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this Schedule.

The Department had the following transactions with related parties recorded on the Statements of Operations and the Statements of Financial Position at the amount of consideration agreed upon between the related parties.

	Entities in the Ministry		**Other Entities**	
	2011	**2010**	**2011**	**2010**
Revenues				
Grants	$ 80,526	$ 66,747	$ -	$ -
Fees and Charges	-	-	50	69
	$ 80,526	$ 66,747	$ 50	$ 69
Expenses – Directly Incurred				
Grants	$ 140,374	$ 166,827	$ 790	$ 509
Other Services	-	-	4,516	3,345
	$ 140,374	$ 166,827	$ 5,306	$ 3,854
Statutory Expense	$ 8,129	$ -	$ -	$ -
Tangible Capital Assets Transferred (Out) In	$ -	$ -	$ 735	$ (6,868)
Receivable from	$ 80,531	$ 66,747	$ 488	$ 2
Payable To	$ 80,738	$ 82,425	$ -	$ 407

The above transactions do not include support service arrangement transactions disclosed in Schedule 3.

The Department also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements but are disclosed in Schedule 8.

	Entities in the Ministry		**Other Entities**	
	2011	**2010**	**2011**	**2010**
Expenses - Incurred by Others				
Accommodation	$ -	$ -	$ 35,684	$ 35,373
Administration Costs	-	-	6,348	9,486
Air Transportation	-	-	288	212
Legal	-	-	1,960	1,876
Corporate Human Resources	-	-	-	294
	$ -	$ -	$ 44,280	$ 47,241

DEPARTMENT OF SUSTAINABLE RESOURCE DEVELOPMENT

Schedule 8

SCHEDULE TO FINANCIAL STATEMENTS

Allocated Costs

Year ended March 31, 2011

(in thousands)

	2011								2010
		Expenses – Incurred by others				Valuation Adjustments			
Program	Expenses (1)	Accommodation Costs	Administration Costs (2)	Air Transportation	Legal Services	Vacation Pay	Doubtful Accounts	Total Expenses	Total Expenses
									(Note 11)
Ministry Support Services	$ 31,611	$ 5,119	$ 458	$ 163	$ 396	$ 255	$ -	$ 38,002	$ 37,050
Forestry	263,820	11,637	3,822	65	244	(2,702)	2	276,888	318,183
Land Use Secretariat	12,982	472	188	5	151	12	-	13,810	15,564
Lands	63,568	9,256	921	27	751	(3,163)	156	71,516	75,936
Fish and Wildlife	57,055	7,821	827	24	418	5,002	-	71,147	68,324
Quasi-judicial Land-use and Compensation Decisions	9,082	1,379	132	4	-	(62)	-	10,535	11,487
	$ 438,118	$ 35,684	$ 6,348	$ 288	$ 1,960	$ (658)	$ 158	$ 481,898	$ 526,544

(1) Expenses – Directly Incurred as per Statement of Operations, excluding valuation adjustments ($500).

(2) Amount includes Administration for $6,028, Corporate Internal Audit Services (CIAS) for $142 and Corporate Human Resources Learning for $114.

AUDITOR
GENERAL
Alberta

Independent Auditor's Report

To the Minister of Sustainable Resource Development

Report on the Financial Statements

I have audited the accompanying financial statements of the Environmental Protection and Enhancement Fund which comprise the statement of financial position as at March 31, 2011 and the statements of operations, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Environmental Protection and Enhancement Fund as at March 31, 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher, CA]

Auditor General

June 10, 2011

Edmonton, Alberta

ENVIRONMENTAL PROTECTION AND ENHANCEMENT FUND

STATEMENT OF OPERATIONS

Year ended March 31, 2011

	2011		2010
	Budget	**Actual**	**Actual**
		(in thousands)	
Revenues			
Transfer from the Department of Sustainable Resource Development (Note 7)	$ 64,055	$ 227,760	$ 238,954
Investment Income	1,509	848	897
Other Revenue	80	339	890
	65,644	228,947	240,741
Expenses			
Environment Statutory Programs	2,274	724	901
Natural Resources Emergency Program			
Forest Fires	12,000	118,797	140,218
Forest Health Program	500	28,819	32,795
Intercept Feeding and Fencing	80	81	80
	14,854	148,421	173,994
Net Operating Results	$ 50,790	$ 80,526	$ 66,747

The accompanying notes and schedules are part of these financial statements.

ENVIRONMENTAL PROTECTION AND ENHANCEMENT FUND

STATEMENT OF FINANCIAL POSITION

As at March 31, 2011

	2011	2010
	(in thousands)	
Assets		
Cash and Cash Equivalents (Note 3)	$ 167,609	$ 149,994
Accounts Receivable (Note 4)	80,742	82,430
	$ 248,351	$ 232,424
Liabilities		
Accounts Payable and Accrued Liabilities	$ 97,615	$ 81,448
Unearned Revenue	736	976
	98,351	82,424
Net Assets		
Net Assets at Beginning of Year	150,000	150,000
Net Operating Results	80,526	66,747
Transfer to Department	(80,526)	(66,747)
Net Assets at End of Year (Note 6)	150,000	150,000
	$ 248,351	$ 232,424

The accompanying notes and schedules are part of these financial statements.

ENVIRONMENTAL PROTECTION AND ENHANCEMENT FUND

STATEMENT OF CASH FLOWS

Year ended March 31, 2011

	2011	2010
	(in thousands)	
Operating Transactions		
Net Operating Results	$ 80,526	$ 66,747
Decrease (Increase) in Accounts Receivable	1,688	(33,712)
Increase in Accounts Payable and Accrued Liabilities	16,167	31,651
(Decrease) in Unearned Revenue	(240)	(490)
Cash Provided by Operating Transactions	98,141	64,196
Financing Transactions		
Transfer to Department of Sustainable Resource Development	(80,526)	(66,747)
Cash Applied to Financing Transactions	(80,526)	(66,747)
Increase (Decrease) in Cash and Cash Equivalents	17,615	(2,551)
Cash and Cash Equivalents at Beginning of Year	149,994	152,545
Cash and Cash Equivalents at End of Year	$ 167,609	$ 149,994

The accompanying notes and schedules are part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 AUTHORITY

The Environmental Protection and Enhancement Fund (the Fund) operates under the authority of the *Environmental Protection and Enhancement Act* (EPEA), Chapter E-12, Revised Statutes of Alberta 2000.

The components of the Fund are:

- Environment Statutory Programs
- Natural Resources Emergency Program
    - Wildfire Suppression - Wildfire Management
    - Forest Health
    - Intercept Feeding and Fencing
    - Land Reclamation

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements are prepared in accordance with Canadian public sector accounting standards.

(a) Reporting Entity

The reporting entity is the Fund, which is part of the Ministry of Sustainable Resource Development (the Ministry). The Minister of Sustainable Resource Development is accountable for the Fund's financial administration. Other entities reporting to the Minister are the Department of Sustainable Resource Development (the Department), the Land Stewardship Fund, and the Natural Resources Conservation Board. The activities of these organizations are not included in these financial statements. The Ministry's Annual Report provides a more comprehensive accounting of the financial position and results of the Ministry's operations for which the Minister is accountable.

(b) Basis of Financial Reporting

Revenues

All revenues are reported on an accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recorded as unearned revenue.

Internal Government Transfers

Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive any goods or services directly in return.

Expenses

Expenses represent the costs of resources consumed during the year on the Fund's operations.

Liabilities

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of fiscal year. The settlement of liabilities will result in sacrifice of economic benefits in the future.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (cont'd)

Net Assets/Net Liabilities

Net assets represent the difference between the carrying value of assets held by the Fund and its liabilities.

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair value of cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities are estimated to approximate their carrying value because of the short-term nature of these instruments.

NOTE 3 CASH AND CASH EQUIVALENTS

The Consolidated Cash Investment Trust Fund is managed with the objective of providing competitive interest income to depositors while maintaining appropriate security and liquidity of depositors' capital. The portfolio is comprised of high-quality short-term and mid-term fixed-income securities with a maximum term-to-maturity of three years. As at March 31, 2011, securities held by the Fund have a time-weighted return of 1.1% per annum (2010: 1.0% per annum).

NOTE 4 ACCOUNTS RECEIVABLE

(in thousands)

	2011	2010
Department of Sustainable Resource Development	$ 80,738	$ 82,425
Other	4	5
	$ 80,742	$ 82,430

NOTE 5 CONTRACTUAL OBLIGATIONS

(in thousands)

Contractual obligations are obligations of the Fund to others that will become liabilities in the future when the terms of those contracts or agreements are met.

	2011	2010
Service Contracts	$ 37,659	$ 19,855
Long-term Leases	28	44
	$ 37,687	$ 19,899

Estimated payment requirements for each of the next five years and thereafter are as follows:

	Service Contract	Leases	Grants	Total
2011-12	$ 13,890	$ 17	$ -	$ 13,907
2012-13	10,031	9	-	10,040
2013-14	9,463	2	-	9,465
2014-15	3,026	-	-	3,026
2015-16	1,249	-	-	1,249
Thereafter	-	-	-	-
	$ 37,659	$ 28	$ -	$ 37,687

NOTE 6 NET ASSETS

(in thousands)

The Net Assets for the Fund are capped at $150,000 in accordance with a Treasury Board decision.

NOTE 7 TRANSFER FROM THE DEPARTMENT OF SUSTAINABLE RESOURCE DEVELOPMENT

(in thousands)

The following revenue was received or is receivable from the Department of Sustainable Resource Development:

	2011	2010
Revenue in Excess of Department's Base Revenue (a)	$ 93,038	$ 78,441
Forest Health	27,924	32,295
Forest Fires	106,798	128,218
	$ 227,760	$ 238,954

(a) All revenue received by the Department (excluding Credit or Recovery) that is in excess of the Department's base revenue of 2011 - $67,432 (2010 - $67,432).

NOTE 8 SALARY AND BENEFIT DISCLOSURE

The province's salary and benefit disclosure requirements for the Executives are disclosed in the financial statements of the Department of Sustainable Resource Development.

NOTE 9 BUDGET FIGURES

The revenue and expenses budget amounts disclosed in these financial statements agree with the 2010-2011 Government Estimates.

NOTE 10 APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Senior Financial Officer and the Deputy Minister.

ENVIRONMENTAL PROTECTION AND ENHANCEMENT FUND

Schedule 1

SCHEDULE TO FINANCIAL STATEMENTS

Expenses – Directly Incurred Detailed by Object

Year ended March 31, 2011

	2011		2010
	Budget	Actual	Actual
	(in thousands)		
Salaries, Wages and Employee Benefits	$ 4,231	$ 16,859	$ 17,382
Supplies and Services	8,349	123,253	143,794
Grants	2,274	8,309	12,818
Total Expenses	$ 14,854	$ 148,421	$ 173,994

ENVIRONMENTAL PROTECTION AND ENHANCEMENT FUND

Schedule 2

SCHEDULE TO FINANCIAL STATEMENTS

Related Party Transactions

Year ended March 31, 2011

(in thousands)

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements. Related parties also include management in the Department.

The Fund had the following transactions with related parties recorded on the Statements of Operations and the Statements of Financial Position at the amount of consideration agreed upon between the related parties.

	Entities in the Ministry		Other Entities	
	2011	2010	2011	2010
Revenues				
Transfer from the Department	$ 93,038	$ 78,441	$ -	$ -
Grants from the Department	134,722	160,513	-	-
	$ 227,760	$ 238,954	$ -	$ -
Expenses – Directly Incurred				
Other Services	$ -	$ -	$ 1,010	$ 1,122
Receivable From	$ 80,738	$ 82,425	$ -	$ -
Payable To	$ 80,526	$ 66,747	$ 488	$ 407

AUDITOR
GENERAL
Alberta

Independent Auditor's Report

To the Minister of Sustainable Resource Development

Report on the Financial Statements

I have audited the accompanying financial statements of the Land Stewardship Fund, which comprise the statement of financial position as at March 31, 2011 and the statements of operations, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Land Stewardship Fund as at March 31, 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher, CA]

Auditor General

June 10, 2011

Edmonton, Alberta

LAND STEWARDSHIP FUND

STATEMENT OF OPERATIONS

Year ended March 31, 2011

	2011		2010
	Budget	Actual	Actual
	(Note 6)		(Note 1)
		(in thousands)	
Revenues			
Internal Government Transfers – Proceeds from Surplus Land Sales (Note 2 and 5)	$ -	$ 8,129	$ -
Investment Income	-	2	-
	-	8,131	-
Expenses			-
Land Stewardship Fund	-	250	
	-	250	-
Net Operating Results	$ -	$ 7,881	$ -

The accompanying notes and schedules are part of these financial statements.

LAND STEWARDSHIP FUND

STATEMENT OF FINANCIAL POSITION

As at March 31, 2011

	2011	2010 (Note 1)
	(in thousands)	
Assets		
Cash and Cash Equivalents (Note 3)	$ 7,886	$ -
	$ 7,886	$ -
Liabilities		
Accounts Payable and Accrued Liabilities	$ 5	$ -
	5	-
Net Assets		
Net Assets at Beginning of Year	-	-
Net Operating Results	7,881	-
Transfer to Department	-	-
Net Assets at End of Year (Note 4)	7,881	-
	$ 7,886	$ -

The accompanying notes and schedules are part of these financial statements.

LAND STEWARDSHIP FUND

STATEMENT OF CASH FLOWS

Year ended March 31, 2011

	2011	2010 (Note 1)
	(in thousands)	
Operating Transactions		
Net Operating Results	$ 7,881	$ -
Increase in Accounts Payable and Accrued Liabilities	5	-
Cash Provided by Operating Transactions	7,886	-
Financing Transactions		
Transfer to Department of Sustainable Resource Development	-	-
Cash (Applied to) Provided by Financing Transactions	-	-
Increase in Cash and Cash Equivalents	7,886	-
Cash and Cash Equivalents at Beginning of Year	-	-
Cash and Cash Equivalents at End of Year	$ 7,886	$ -

The accompanying notes and schedules are part of these financial statements.

LAND STEWARDSHIP FUND

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 AUTHORITY

The Land Stewardship Fund (the Fund) operates under the authority of the *Public Lands Act*, section 11.2(1) and was established effective April 1, 2010. The Land Stewardship Fund has been set up to receive the proceeds from the sale of public land in Alberta. The funds can be used to purchase land for conservation and stewardship needs such as land for sensitive habitat, critical watersheds and conservation easements that better meet the Ministry's mandate.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements are prepared in accordance with Canadian public sector accounting standards.

(a) Reporting Entity

The reporting entity is the Fund, which is part of the Ministry of Sustainable Resource Development (the Ministry). The Minister of Sustainable Resource Development is accountable for the Fund's financial administration. Other entities reporting to the Minister are the Department of Sustainable Resource Development (the Department), the Environmental Protection and Enhancement Fund, and the Natural Resources Conservation Board. The activities of these organizations are not included in these financial statements. The Ministry's Annual Report provides a more comprehensive accounting of the financial position and results of the Ministry's operations for which the Minister is accountable.

(b) Basis of Financial Reporting

Revenues

Revenues are reported on an accrual basis. Cash received for which goods or services have not been provided by year end is recorded as unearned revenue.

Internal Government Transfers

Internal Government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive any goods or services directly in return. Internal government transfers are recognized as revenue when received.

Expenses

Expenses represent the costs of resources consumed during the year on the Fund's operations.

Liabilities

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of fiscal year. The settlement of liabilities will result in sacrifice of economic benefits in the future.

Net Assets/Net Liabilities

Net assets represent the difference between the carrying value of assets held by the Fund and its liabilities.

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair value of cash and cash equivalents, and accounts payable and accrued liabilities are estimated to approximate their carrying value because of the short-term nature of these instruments.

NOTE 3 CASH AND CASH EQUIVALENTS

The Consolidated Cash Investment Trust Fund is managed with the objective of providing competitive interest income to depositors while maintaining appropriate security and liquidity of depositors' capital. The portfolio is comprised of high-quality short-term and mid-term fixed-income securities with a maximum term-to-maturity of three years. As at March 31, 2011, securities held by the Fund have a time-weighted return of 1.1% per annum (2010: 1.0% per annum).

NOTE 4 NET ASSETS

(in thousands)

The Net Assets for the Fund are capped at $150,000 in accordance with the Land Stewardship Fund Regulation.

NOTE 5 TRANSFER FROM THE DEPARTMENT OF SUSTAINABLE RESOURCE DEVELOPMENT

(in thousands)

Revenue received by the Department in payment for the sale of lands inventory was transferred to the Land Stewardship Fund according to the Land Stewardship Fund Regulation.

NOTE 6 BUDGET FIGURES

2011 budget amounts are unavailable for the Fund as it replaces the department's Enhanced Land Stewardship program.

NOTE 7 APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Senior Financial Officer and the Deputy Minister.

LAND STEWARDSHIP FUND

Schedule 1

SCHEDULE TO FINANCIAL STATEMENTS

Expenses – Directly Incurred Detailed by Object

Year ended March 31, 2011

	2011		2010
	Budget (Note 6)	Actual	Actual (Note 1)
	(in thousands)		
Supplies and Services	$ -	$ 250	$ -
Total Expenses	$ -	$ 250	$ -

LAND STEWARDSHIP FUND

Schedule 2

SCHEDULE TO FINANCIAL STATEMENTS

Related Party Transactions

Year ended March 31, 2011

(in thousands)

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements. Related parties also include management in the Department.

The Fund had the following transactions with related parties recorded on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties.

	Entities in the Ministry	
	2011	2010 (Note 1)
Revenues		
Internal Government Transfers – Proceeds from Surplus Land Sales (Note 2 and 5)	$ 8,129	$ -
Payable To	$ 5	$ -

AUDITOR
GENERAL
Alberta

Independent Auditor's Report

To the Members of the Natural Resources Conservation Board

Report on the Financial Statements

I have audited the accompanying financial statements of the Natural Resources Conservation Board, which comprise the statement of financial position as at March 31, 2011, and the statements of operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Natural Resources Conservation Board as at March 31, 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher, CA]

Auditor General

May 17, 2011

Edmonton, Alberta

NATURAL RESOURCES CONSERVATION BOARD

STATEMENT OF OPERATIONS

Year ended March 31, 2011

	2011		2010
	Budget	Actual	Actual
Revenues			
Transfer from the Department of Sustainable Resource Development	$5,987,000	$5,652,000	$6,314,000
Interest	10,000	43,211	36,460
Other	1,000	1,756	925
	5,998,000	5,696,967	6,351,385
Expenses – Directly Incurred (Note 2b)			
Salaries and Benefits	4,867,031	4,665,848	5,218,177
Travel	520,319	314,274	392,324
Office	338,650	303,840	285,755
Consulting Services	149,000	204,889	194,005
Telecommunications	83,000	72,082	83,243
Advertising	23,000	34,508	16,587
Amortization of Tangible Capital Assets	50,000	30,433	36,953
	6,031,000	5,625,874	6,227,044
Net Operating Results	($33,000)	$71,093	$124,341

The accompanying notes and schedule are part of these financial statements.

NATURAL RESOURCES CONSERVATION BOARD

STATEMENT OF FINANCIAL POSITION

As at March 31, 2011

	2011	2010
ASSETS		
Cash and Cash Equivalents (Note 3)	$3,043,637	$3,012,399
Accounts Receivable and Prepaid Expenses	19,122	1,924
Tangible Capital Assets (Note 4)	92,848	80,909
	$3,155,607	$3,095,232
LIABILITIES		
Accounts Payable and Accrued Liabilities	$353,984	$364,702
NET ASSETS		
Net Assets at Beginning of Year	2,730,530	2,606,189
Net Operating Results	71,093	124,341
Net Assets at End of Year	2,801,623	2,730,530
	$3,155,607	$3,095,232

The accompanying notes and schedule are part of these financial statements.

NATURAL RESOURCES CONSERVATION BOARD

STATEMENT OF CASH FLOWS

Year ended March 31, 2011

	2011	2010
Operating Transactions		
Net Operating Results	$71,093	$124,341
Non-cash item included in Net Operating Results		
Amortization	30,433	36,953
	101,526	161,294
(Increase) Decrease in Accounts Receivable and Prepaid Expenses	(17,198)	12,369
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(10,718)	(193,655)
Cash Provided by (Applied to) Operating Transactions	73,610	(19,992)
Capital Transactions		
Acquisition of Tangible Capital Assets	(42,372)	(6,015)
Cash Applied to Capital Transactions	(42,372)	(6,015)
Increase (Decrease) in Cash and Cash Equivalents	31,238	(26,007)
Cash and Cash Equivalents at Beginning of Year	3,012,399	3,038,406
Cash and Cash Equivalents at End of Year	$3,043,637	$3,012,399

The accompanying notes and schedule are part of these financial statements.

Note 1 Authority and Purpose

The Natural Resources Conservation Board (the NRCB) operates under the authority of the *Natural Resources Conservation Board Act*, Chapter N-3, RSA 2000 (NRCBA). NRCB's mandate is to provide for an impartial process to review projects that will or may affect the natural resources of the Province of Alberta. Included in this mandate are reviewable projects described in the NRCBA as well as the regulatory responsibilities set out in Part 2 of the *Agricultural Operation Practices Act,* Chapter A-7, RSA 2000 (AOPA) for the approval, monitoring and compliance of livestock confined feeding operations.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

These financial statements are prepared in accordance with Canadian public sector accounting standards. The precise determination of many assets and liabilities is dependent on future events. As a result, the preparation of financial statements involves the use of estimates and approximations which have been made using careful judgment. Actual results could differ from those estimates and approximations. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below:

a) Revenue Recognition

All revenues are reported on the accrual basis of accounting.

b) Expenses

Directly Incurred

Directly incurred expenses are those costs the NRCB has primary responsibility and accountability for, as reflected in the budget.

Incurred by Others

Services contributed by other entities in support of NRCB's operations are not recognized and are disclosed in Note 7 and in the Schedule of Allocated Costs.

Note 2 Summary of Significant Accounting Policies and Reporting Practices (cont'd)

c) Tangible Capital Assets

Tangible capital assets are recorded at historical cost. The threshold for capitalizing new tangible capital assets is $5,000. These assets are amortized over their estimated useful lives commencing in the month following acquisition, using the following annual rates and methods:

Computer hardware	Straight line – 3 years
Computer software	Straight line – 2 to 3 years
Office equipment	Declining balance – 20% per year
Office furniture	Declining balance – 20% per year

d) Liabilities

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of the fiscal year. The settlement of liabilities will result in sacrifice of economic benefits in the future.

e) Valuation of Financial Assets and Liabilities

The fair values of accounts receivable and prepaid expenses, and accounts payable and accrued liabilities are estimated to approximate their carrying values because of the short term nature of these instruments.

f) Pension Expense

Multi-employer defined benefit plans are accounted for as defined contribution plans, the expense being limited to the employer's annual contributions for the year.

Note 3 Cash and Cash Equivalents

Cash and Cash Equivalents consist of deposits in the Consolidated Cash Investment Trust Fund. The Fund is managed with the objective of providing competitive interest income to depositors while maintaining appropriate security and liquidity of depositors' capital. The portfolio is comprised of high-quality short-term and mid-term fixed-income securities with a maximum term-to-maturity of three years. As at March 31, 2011, securities held by the Fund have a time-weighted return of 1.1% per annum (2010: 1.0% per annum).

Note 4 Tangible Capital Assets

Tangible capital assets are recorded at historical cost less accumulated amortization.

	2011			2010
	Historical Cost	Accumulated Amortization	Net	Net
Computer hardware	$202,701	$156,176	$46,525	$22,795
Computer software	27,392	21,907	5,485	0
Office equipment	50,186	38,545	11,641	14,912
Office furniture	221,392	192,195	29,197	43,202
	$501,671	$408,823	$92,848	$80,909

Note 5 Pension

The NRCB participates in the Management Employees Pension Plan and Supplementary Retirement Plan for Public Service Managers which are government multi-employer pension plans. The expense for these pension plans is equivalent to the annual contributions of $75,935 for the year ended March 31, 2011 (2010: $75,157).

At December 31, 2010 the Management Employees Pension Plan reported a deficiency of $397,087,000 (2009: deficiency of $483,199,000). At December 31, 2010 the Supplementary Retirement Plan for Public Service Managers had a deficiency of $39,559,000 (2009: deficiency of $39,516,000).

In addition, the NRCB sponsors a defined contribution pension plan for employees who are not eligible to participate in the government sponsored pension plans. The expense for this pension plan is $247,151 for the year ended March 31, 2011 (2010: $263,306). Pension expense comprises the cost of employer contributions during the year.

Note 6 Salaries and Benefits

	2011				2010
	Base Salary(a)	Other Cash Benefits(b)	Other Non-Cash Benefits(c)	Total	Total
Chair(d)(e)	$146,352	$11,787	$33,498	$191,637	$194,019
Board Member 1(e)	125,244	2,903	35,377	163,524	160,348
Board Member 2(f)	93,936	8,248	30,639	132,823	132,188
Board Member 3(f)(g)	3,898	5,975	1,598	11,471	115,374
CEO	176,508	5,182	42,315	224,005	219,166

Prepared in accordance with Treasury Board Directive 12/98 as amended.

(a) Base salary includes pensionable base pay.

(b) Other cash benefits include health benefits pay in lieu, lump sum payments and vacation payouts. There were no bonuses paid in 2011 and 2010.

(c) Other non-cash benefits include the NRCB's share of all employee benefits and contributions or payments made on behalf of employees including Employment Insurance, Canada Pension Plan, pension and supplementary retirement plans, RRSP, health benefits, professional memberships, and WCB premiums. The NRCB is a participant in the Energy Resources Conservation Board (ERCB) flexible health benefit plan.

(d) Automobile allowance included in other non-cash benefits.

(e) The position is 80% permanent part-time.

(f) The position is 60% permanent part-time.

(g) The position became vacant on April 16, 2010.

Note 7 Related Party Transactions

Related parties are those entities consolidated or accounted for on the modified equity basis in the Province of Alberta's financial statements. Related parties also include management of the NRCB.

Note 7 Related Party Transactions (cont'd)

The NRCB received $5,652,000 (2010: $6,314,000) in net transfers from the Department of Sustainable Resource Development and $43,211 (2010: $36,460) in revenue from other Government of Alberta departments. During the year, the NRCB paid $79,615 (2010: $49,155) and received $0 (2010: $657) to/from various Government of Alberta departments and agencies for supplies and/or services. The Statement of Financial Position also includes $252 (2010: $3,280) as payable to various government entities.

As a result of the Calgary office move, excess furniture with a net book value of $3,301 was given to Alberta Human Rights Commission through Government of Alberta Surplus Sales Department.

In addition, the NRCB entered into the following transactions which are not reflected in the Statement of Operations:

> Certain expenses for office space incurred on behalf of the NRCB by the Department of Infrastructure. These expenses amount to $382,426 (2010: $487,582) and are reflected in the Schedule of Allocated Costs.
>
> The NRCB has a Memorandum of Understanding (MOU) with the ERCB and an MOU with the Alberta Utilities Commission (AUC) to share resources on an-ongoing basis. Under the MOUs the NRCB is both a service provider and a service recipient. As a service provider, the NRCB contributed $63,063 (2010: $0) in services to the AUC. As a service recipient, the NRCB received services from the ERCB of $8,381 (2010: $25,594).
>
> These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Note 8 Budget

The budget was included in the 2010-11 Government Estimates. The budget was approved by the Board on April 20, 2010.

Note 9 Approval of Financial Statements

The financial statements were approved by the Board on May 17, 2011.

NATURAL RESOURCES CONSERVATION BOARD

SCHEDULE TO FINANCIAL STATEMENTS

Allocated Costs

Year ended March 31, 2011

	2011				2010
		Expenses incurred by others			
AOPA and NRCBA Mandates	Expenses	Office Costs (1)	Shared Services (1)	Total Expenses	Total Expenses
Board(2)	$1,065,202	$72,409	$0	$1,137,611	$1,358,526
Operations(3)	4,560,672	310,017	8,381	4,879,070	5,381,694
	$5,625,874	$382,426	$8,381	$6,016,681	$6,740,220

(1) See Note 7, Related Party Transactions.

(2) Board comprises expenses related to AOPA appeals and NRCBA reviews.

(3) Operations comprise expenses related to (a) the approval, monitoring and compliance activities under AOPA and (b) science and technical activities in support of AOPA and NRCBA mandates. NRCBA applications include the following projects: Hammerstone Quarry, Parsons Creek Aggregates Limestone Quarry, and past and potential projects, and the MOUs with the ERCB and AUC shown in Note 7.

Department of Sustainable Resource Development

Unaudited Statement of Remissions, Compromises and Write-Offs

Year ended March 31, 2011

The following statement has been prepared pursuant to Section 23 of the *Financial Administration Act*. The statement includes all remissions, compromises and write-offs made or approved during the fiscal year.

Remissions under Section 21 of the *Financial Administration Act*		$	-
Compromises under Section 22 of the *Financial Administration Act*			22,652
Write-offs			
Departmental Accounts Receivable	49,271		
Department Accounts Payable Credits	-		
Total Write-offs			49,271
Total Remissions, Compromises and Write-offs		$	71,923

Performance Measure Methodology

1a Timely, efficient disposition decisions

This measure indicates the speed in which industry is receiving access to carry out business on public land so they can return economic benefit to the province. Applications for geophysical approvals are entered in the Application Disposition Process and Tracking System (ADEPT). ADEPT automatically captures and stores the date of application and the subsequent date of approval. The number of working days (Monday to Friday, excluding public sector holidays) spent completing geophysical approvals is then divided by the total number of geophysical approvals.

1b Public Rangeland Allocation

This measure indicates the amount of public land made available to Alberta's livestock producers for grazing. The total number of animal unit months approved for grazing leases, licences and permits as well as those for the forest reserves, provincial grazing reserves, and Camp Wainwright are counted each year.

1c Economic Benefit

Land is a fixed commodity. It cannot be manufactured and is a source of wealth and prosperity for Alberta. The term economic benefit is defined as benefit quantified in terms of money, revenue or income. This measure portrays the economic benefit Albertans receive from developing our provincial land-based resources. Total revenue from the Public Lands Division is expressed as a benefit/cost ratio with Sustainable Resource Development annual expenses for managing public land. Public Land Division expenses are also calculated as a benefit/cost ratio with Alberta's provincial royalty revenue. The economic value Alberta's economy gains from the land through harvested commodities such as timber, oil and gas is large in comparison. This measure captures economic gains from commodities produced by allowing industry to lease Alberta's public land. Results for this measure lag by one year.

2a Sustainable Timber Harvest

Results reflect Alberta's ability to manage forests on Crown land in a sustainable manner. Annual allowable cut (AAC) is the amount of timber that can be harvested on a sustainable basis (in accordance with the policy of sustained yield) within a defined planning area. Recreation areas, wildlife reserves, and stream buffers are excluded from the AAC calculation. The AAC is determined on either an individual forest management unit basis or specific forest management agreement area basis. Information is stored in a database and summed to determine the total provincial AAC for the province. Data from the Timber Production and Revenue System is used to determine the provincial harvest level. Certain volumes are not included in the harvest level for the purpose of comparability to the AAC. For example, fire salvage is not included in harvest levels if it does not contribute to the AAC. A five-year rolling average is used to report provincial AAC and harvest levels and results lag by one year.

3a&b Hunting and Fishing Licences Sold

The Resource Licensing Management System (RELM) tracks licensing transactions for hunters and anglers in Alberta. The number of licencing transactions are extracted from RELM to report on hunting and angling activity on an annual basis. Results of Sustainable Resource Development's performance in maintaining hunting and angling participation is reported as a percentage change in number of licences. Sustainable Resource Development encourages hunting and fishing in the province because these activities promote responsible wildlife stewardship of Alberta's natural resources for future generations and provide economic, environmental and social benefits for Albertans.

4a Rangeland Sustainability

This measure helps determine the sustainability of public rangeland. Grazing leases scheduled to expire in the year of the annual report (approximately 10 per cent of total grazing leases held in the province) are assessed for sustainable rangeland health and management practices. The Geographic Land Information Management and Planning System (GLIMPS) selects leases for this measure and the results of these lease inspections are recorded in GLIMPS. The number of leases found to be good standing is divided by the total number of leases inspected and multiplied by 100 to obtain the percentage of leases in good standing. Results for this measure lag by one year.

5a Healthy Forests (planning)

This measure reflects the department's efforts in ensuring that forest management plans are kept up-to-date. Alberta's forested land base is continually changing through both natural processes and industrial activities. Forest management plans are developed using the latest data and research, while balancing current economic, environmental and social considerations. Regularly revising forest management plans ensures Alberta's forests are being managed sustainably. The measure is calculated using the dates forest management plans are approved and the land area they encompass compared to the total area under forest management in Alberta. It is an area-weighted average age of forest management plans.

5b Healthy Forests (wildfire)

The number of wildfires contained within the first burning period (by 10 a.m. the day following assessment) is expressed as a percentage of all wildfires that occur during the fire season (April 1 to October 31). Wildfires in the province are thoroughly tracked for detection, assessment, control, and containment logging time and resources used. The results of the performance measure indicate how quickly the ministry controls wildfires. Early detection, assessment and containment success minimizes fire loss and reduces suppression costs.

6a Healthy Sustainable Wildlife

Every five years Sustainable Resource Development's performance with respect to maintaining healthy, sustainable wildlife is calculated by Sustainable Resource Development's wildlife biologists using the following method. First, the total number of endangered and threatened species listed in the Alberta's *Wildlife Act* is divided by the total number of vertebrate species in the province. The ratio is then expressed as a percentage. The total number of vertebrate species in the province is obtained from the general status ranking for each wild species in Alberta. The general status ranking is provided by species experts from government, industry, academia, and the general public and is publicly reported every five years. Status is based on trends in size, distribution of population, and threats to habitat. The Endangered Species Conservation Committee reviews information supporting status rankings and provides advice for legal designation as endangered or threatened. Results enable comparison of the percentage of species at risk in Alberta over time and indicate when special management and recovery actions are necessary. Species listed in the *Wildlife Act* as endangered or threatened are protected and identified as candidates for recovery programs.

7a,b,c,d Adult and Youth Hunters and Anglers

Hunting and fishing are an important part of Alberta's social, cultural and economic heritage. Sustainable Resource Development encourages hunting and fishing in the province because these activities promote responsible stewardship of Alberta's natural resources for future generations and provide economic, environmental and social benefits for Albertans. Continued participation by youth hunters and anglers will support Alberta's hunting and fishing communities and help to sustain respect and appreciation for Alberta's natural habitats. Results of Sustainable Resource Development's performance in maintaining the number of adult and youth hunters and anglers are reported as a percentage change in numbers from one year to the next. The number of adult and youth hunters and anglers are extracted from RELM.

8a Regional Planning

This measure gauges progress in implementing Alberta's Land-use Framework. The regional plans under the Land-use Framework must be approved by Cabinet to be considered completed. The number of regional plans approved by Cabinet is summed cumulatively every fiscal year.

9a Process Efficiency

This measure encourages timely reviews and decisions for industry on major, non-energy, natural resource projects, and for stakeholders regarding board reviews of approval officer or inspector decisions relating to confined feeding operations. The date the board review panel deems the case completed is identified and used to determine if the decision report was issued within established timelines (80 working days for *Natural Resources Conservation Board Act* reviews and 30 working days following *Agricultural Operation Practices Act* hearings). Once the decision report has been issued, the number of working days is counted from the last hearing date (or file completion date) to the date the decision was issued. The number of days is recorded with annual statistical data. The results are provided to the board chair and members and recorded in the board minutes.

10a&b Surface Rights Board File Management and Disposition

This measure encourages timely resolution of disputes between industry and landowners when private land is developed for natural resources. The status of files are examined using a report generated from the Case Relationship Management System. The number of files with a particular status are summed to determine performance measure results. File management results include the number of files heard by dispute resolution conference, mediation, or hearing. File disposition results include decisions rendered, settlement/compensation issued, and files withdrawn, cancelled, settled or resolved. Then the percentage change between current year and previous year results is calculated.